

# Crisis in Asia and GM Strike Slow U.S. Output

By John M. Berry  
Washington Post Service

WASHINGTON — Industrial production in the United States fell in June at its steepest rate in five years, slowed by Asia's economic crisis and the strike at General Motors Corp., the Federal Reserve reported Thursday.

The fresh figures confirmed the growing view of analysts that the U.S. economy has stalled in the past three months, perhaps even contracted, as American businesses trimmed output largely because of the downturn in Asia.

Industrial production fell 0.6 percent in June, equivalent to a decline in May 1993, the Federal

Reserve reported. There has not been a more precipitous drop since the index fell 0.9 percent in March 1991, the last month of the 1990-1991 recession.

While most of the decline was attributed to an 11 percent dropoff in automotive output, linked in large

Banks rush to lend. • The European auto industry to be hurt by Asian crisis. Page 13.

part to the deepening strike at GM, the overall drop in industrial production was larger than had been expected, and it was certainly greater than had been anticipated from the GM strike alone. This appeared to confirm the view that the falloff in demand for U.S.

exports to Asia is increasingly applying brakes to the U.S. economy, which grew at a torrid 5.4 percent rate in the first quarter.

Even outside the automobile sector, growth of industrial output was feeble, the Fed reported. Production at factories other than automobile, trucks and parts plants rose just 0.1 percent in June following a 0.1 percent decline in May. Utility output increased 0.4 percent last month while production at mines and oil wells fell 2 percent.

On Wednesday, the Commerce Department reported that business inventories had fallen slightly, by 0.1 percent, in May. That contrasted dramatically

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# Chinese Dissidents Launch Campaign To Back New Party

Beijing Orders War on Smugglers

Bold Open Letter Challenges Arrests

By Seth Faison  
New York Times Service

By Michael Laris  
Washington Post Service

BEIJING — After years of tolerating a steady growth of lawlessness at their borders, China's leaders announced a war on smuggling Thursday.

In a sharp indictment of how corrupt and ineffectual Chinese customs officials have become, the leaders announced that a new anti-smuggling police force would be created. President Jiang Zemin, addressing an extraordinary meeting of the nation's top leaders, outlined the smuggling crisis in a way that underlined how existing border guards have simply become unwilling, or unable, to perform their job.

One of the main reasons the smuggling situation has become so desperate, Mr. Jiang pointed out, is that many of the worst offenders are Communist Party officials and People's Liberation Army officers.

It was the first time that any top Chinese official had publicly referred to the extensive role that China's military plays in smuggling.

China is confronted by rampant smuggling that involves the participation of some party, government and army organizations, as well as judicial and law enforcement departments," Mr. Jiang said.

Although the true volume of smuggled goods into China is unmeasurable, officials and businessmen estimate that it has reached tens of billions of dollars worth of goods each year. The main contraband is not drugs or illegal arms, but rather high-end goods that face such onerous import duties that it pays to bribe customs officers or pay off army transport officials so that shipments can escape scrutiny at a border.

Cigarettes, gold, and automobiles were among the heavily smuggled items cited at the meeting. Yet a wide range of industrial and consumer items like telecommunications equipment, diesel oil and chemicals are also smuggled in enormous quantities.

Even cigarettes that are produced within China are a major item for smugglers. To avoid domestic taxes, many cigarette makers export more than half their product, only to smuggle the cigarettes back into China.

With smuggling so rampant, and so deeply entrenched in the interests of powerful authorities, it is not clear how effective Beijing's new campaign will be. The size and scope of the new police force was kept vague and, critically, its new head was left unidentified.

In the first five months of this year, Chinese customs officers confiscated \$350 million of smuggled goods, a fraction of the overall volume. In an official report published this week, customs officers blamed local officials who often

BEIJING — In a bold challenge to the Communist Party's commitment to legal reform, 79 Chinese dissidents from 19 provinces and cities have signed their names to an open letter, disclosed Thursday, that called for the release of five dissidents who were arrested over the last week for trying to openly register a new political party.

Instead of retreating, many of those who signed the open letter say they have been emboldened by the arrests, and are using this opportunity to lay the legal and theoretical framework for a stronger political opposition in China. They have also begun to organize nationwide legal assistance for the detained men.

Lin Hui, the last of the three named founders of the China Democratic Party, was arrested Wednesday morning after three days of avoiding police in the eastern city of Hangzhou.

"It's not like before, when it was 'one soldier swimming alone,'" said Xu Wenli, one of the organizers of the aid efforts and a longtime Chinese dissident.

"Now we go out and do this together," he said. "We've increased our openness and our transparency, and have gotten rid of the mysteriousness. In a situation where the phone is bugged, it's also less mysterious for them. They can relax a bit. If you are secret, they get scared."

The dissidents are exploiting a rare moment in recent Chinese history. President Jiang Zemin has consolidated power, and has given indications over the last six months that his government may be more tolerant of freedom of expression than before. The dissidents also know that Mr. Jiang has staked enormous political capital on improving relations with the United States, and thus are testing Beijing's commitment to reform following President Bill Clinton's recent trip.

"It's a put-your-money-where-your-mouth-is challenge to the regime, which has been talking about the rule of law," said Andrew Nathan, a Columbia University political science professor and expert on modern Chinese dissent. "Responding in a heavy-handed manner in the aftermath of the Clinton visit would be very costly" for the Chinese government.

Although dissidents have penned perhaps a dozen open letters in recent weeks, the one released Thursday was notable both for the large number of signatories, and for the fearless tone of many of those who took part.

"In my life, I've been arrested more than 10 times, for 11 years," said Qin Yongming, a Wuhan-based dissident and signatory of Thursday's petition who has faxed 139 issues of "Human Rights Investigations." China's first

# Tour Coach Suspended Over Drugs

By Samuel Abt  
International Herald Tribune

CHATEAUROUX, France — Seeking to keep a drug scandal from swamping the Tour de France, the international governing body of bicycle racing announced Thursday that it had suspended the coach of the Festina team, which is ranked first in the sport.

The coach, Bruno Roussel, a 41-year-old Frenchman, was taken into police custody late Wednesday after a few hours of questioning in the town of Cholet, where the three-week race completed its fourth daily stage.

Also being held is the team's doctor, Eric Ruyckaert, 52, a Belgian.

They were not formally arrested or charged but can be held for 96 hours and are expected to be transferred to the northern city of Lille, where the drug case is being investigated, for further questioning.

"This affair has shaken the confidence of the public and disturbed the riders," said Jean-Marie Leblanc, director of the Tour, at a news conference Thursday as the suspension was announced.

"We hope that from this moment, sport will return to its rightful priority in the Tour," Leblanc said.

At his side was Martin Bruin, the race's chief commissaire, or judge, representing the International Cycling Union, which suspended Roussel's license "provisionally."

"That means for the time being," Bruin explained. "Other than that, the official comment is that there is no comment."

The International Cycling Union, which is universally known as the UCI from its initials in French, the language of professional cycling, said it suspended Roussel because he failed to respond in writing by Tuesday afternoon to questions it had raised.

Those questions concerned the arrest last week of a Festina *soigneur* — a masseur, gofer and confidant of the riders and often their unofficial doctor — at the French-Belgian border in an official Tour de France team car full of performance-enhancing drugs.

The *soigneur*, Willy Voet, 53, a Belgian, reportedly first told the French police that the drugs were for his personal use and then that he was taking them, under team orders, to the Festina doctor in Dub-

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Larry Cockell, center, the head of Mr. Clinton's security detail, leaving court on Thursday after getting a temporary reprieve from testifying.

# Agents Lose Bid to Avoid Testifying

The Associated Press

WASHINGTON — The U.S. Court of Appeals refused Thursday to reconsider a decision ordering Secret Service officers to testify in the Monica Lewinsky investigation but gave the administration until noon Friday to appeal to the Supreme Court.

Sending a strong signal to the Justice Department, the full appeals court said not one of its 11 judges wanted to reconsider the earlier decision by a three-judge panel.

The ruling came just hours after the three-judge panel issued an emergency order stopping President Bill Clinton's chief bodyguard and eight other Secret Service officers from testifying until the full court made its decision.

Once the court declined to take the case, the Justice Department quickly exercised its last recourse: an appeal to the Supreme Court.

The administration immediately asked Chief Justice William Rehnquist to intervene to block the testimony and to take the case when the high court returns to work in October.

The Justice Department had made a mad dash from the District Court to the

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# World Bank Discovers Possible Fraud

Employees Suspended Amid Suspicion of Kickbacks and Embezzlement

By Lorraine Adams  
Washington Post Service

WASHINGTON — The World Bank has hired outside auditors to investigate expenditures from its annual \$25 billion fund for development projects after an internal examination uncovered "alarming information" about possible kickbacks and embezzlement, according to bank officials.

The World Bank president, James Wolfensohn, acknowledged Wednesday that within the past two months he had set up a special internal fraud team and hired the accounting firm Price Waterhouse Coopers and two other outside

fraud specialists.

"I am in constant personal contact with the group," Mr. Wolfensohn said. A Treasury Department official said the Clinton administration had been briefed on the special investigation. Three mid-level employees have been notified that they are under suspicion and have been suspended, bank officials said.

Mr. Wolfensohn said the investigations were triggered by his decision that "if the bank were going to campaign against corruption in our borrowing countries, we had to be absolutely certain that we held ourselves to the highest standards on the inside."

Projects that have come under scrutiny include World Bank-financed efforts in Russia, Japan and Indonesia, according to a senior bank official who spoke on the condition of anonymity. It was unclear whether concerns about those projects centered on bank personnel supervising the work or on the private contractors involved.

One phase of the investigation, according to a statement from Mr. Wolfensohn, has led to a civil lawsuit in U.S. District Court against a former bank official, Fritz Rodriguez. The lawsuit seeks to recover "tens of thousands" of dollars in alleged kickbacks that the bank

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## AGENDA

### 60 Nations Reject Limits on War Tribunal

ROME (Reuters) — Some 60 democracies rejected a plan Thursday that would have allowed the United States and other nations to opt out of the jurisdiction of an international war crimes court. Publication of a final

### Downgrade on China

NEW YORK (AFP) — Standard & Poor's Corp. on Thursday reduced its outlook on China's long-term foreign-currency sovereign credit rating from stable to negative.

The agency said the change in assessment reflected the potential for rising budget costs of industrial and financial-sector reform programs because of lower growth prospects.

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### Warning on Missiles

Iran and North Korea could develop weapons capable of striking the United States sooner than intelligence analysts have predicted, according to a bipartisan Commission to Assess the Ballistic Threat to the United States. Some congressional Republicans quickly seized on the report as justification for a national missile defense system. Page 3.



CZAR'S RETURN — Soldiers in St. Petersburg carrying the coffin of Nicholas II on Thursday. President Yeltsin will attend the rites. Page 5.

# Ending Resistance, House Republicans Move Toward Funds for IMF

By Katharine Q. Seelye  
New York Times Service

WASHINGTON — House Republicans have taken a crucial step toward approving full financing of the International Monetary Fund, signaling a willingness to reverse their opposition to the agency out of concern that the economic crises overseas might spread to the United States.

Hours before a House panel voted \$3.5 billion for the agency, far below the \$17.9 billion requested by the Clinton administration, Representative Dick Armey, Republican of Texas, the majority leader and a harsh foe of the IMF, virtually

conceded the fight.

"In the end, I suppose they will probably get about as much money as they're looking for," Mr. Armey said Wednesday in a speech to the U.S. Chamber of Commerce.

House conservatives have been suspicious of the agency's lending practices and critical of recent loans to prop up Russia and bail out Asia. But with the Asian financial crisis deepening and threatening U.S. agricultural exports, Wall Street's anxiety is rising and building pressure on House Republicans to drop their objections to the agency.

The speaker of the House, Newt Gingrich, acknowledged the growing concerns last month

when he noted, "A lot of members who were wavering last fall now realize that it's very important for us to pass this."

Other top Republicans concurred privately with Mr. Armey on Wednesday, while predicting a loud fight when the issue goes to the full Appropriations Committee and then to the House floor later this summer. And some conservatives are still threatening to attach provisions that would restrict funds for family planning efforts overseas — a measure that President Bill Clinton opposes.

The Senate approved the full amount in March. The Clinton administration termed the House's response a piecemeal approach.

"It is time for this Congress to get serious and stop fooling around," Michael McCurry, the White House spokesman, said Tuesday.

"This is just back to close-down-the-government time, you know, and they play these games, and there is serious work to do."

Concerns about the IMF's programs were heightened this week when it was forced to dig deep into a little-used fund of last resort to provide up to \$13.8 billion in new loans to Russia over the next two years to help stabilize the ruble. The agency has not dipped into this fund in two de-

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The Dollar			
	Thursday 4 P.M.	previous close	
New York	1.7559	1.7596	
DM	139.96	140.555	
Yen	5.9855	6.0315	
FF	1.6413	1.635	
The Dow			
	Thursday close	percent change	
+ 93.72	9,328.19	+ 1.01%	
S&P 500			
+ 9.18	1,183.99	+ 0.78%	
Nasdaq			
+ 6.02	2,000.56	+ 0.30%	

Newsstand Prices			
Andorra	10.00 FF	Lebanon	11.3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	12.50 FF	Reunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Pes
Ivory Coast	1,250 CFA	Tunisia	1,250 Dh
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	\$120







## THE AMERICAS

# Missile Threat to U.S. Greater Than Thought

Report Singles Out Iran and North Korea

By Bradley Graham  
Washington Post Service

WASHINGTON — Challenging official U.S. intelligence estimates, a congressional panel has reported that Iran and North Korea could develop weapons capable of striking U.S. territory sooner than government analysts have predicted and with little or no warning.

Members of the bipartisan Commission to Assess the Ballistic Threat to the United States declined Wednesday to link their findings to the contentious political debate over whether to deploy a national missile defense system. But some congressional Republicans quickly seized on the report as further justification for their determination to build such a shield despite the high costs and doubts about its feasibility.

The Clinton administration has committed to planning a modest system by 2000 that could be deployed within another three years should it seem warranted. But Republican lawmakers have pushed for greater spending and a firm decision to build the system, citing a threat of missile attack despite the end of the Cold War.

The speaker of the House, Newt Gingrich, Republican of Georgia, hailed the panel's study as "the most important warning about our national security since the end of the Cold War" and said he would consult with the Clinton administration and congressional leaders from both parties about establishing a bipartisan working group to review intelligence and defense capabilities.

U.S. intelligence agencies have maintained that a long-range missile threat from potential Third World adversaries is unlikely to emerge before 2010, except possibly from North Korea, and would likely be detected well in advance.

But the commission's chairman, Donald Rumsfeld, who served as defense secretary and White House chief of staff under President Gerald Ford, said at a news conference that his group had access to broader and more highly classified information than most analysts in the intelligence world and that it took a somewhat different approach by weighing the information "as senior decision-makers would."

"The threat to the United States posed by these emerging capabilities is broader, more mature and evolving more rapidly than has been reported in estimates and reports by the intelligence community," said the panel, composed of nine national security specialists, including a mix of academics and former government and military officials.

The ability of U.S. intelligence agencies to estimate the vulnerability of the United States to ballistic missiles is declining, the commission added, because the agencies do not have enough satellites and spies to track missile proliferation and because of shortcomings in

the way analysts assess information.

The commission appeared to give greater weight than government analysts to technical assistance from Russia and China, availability on international markets of missile technology and cooperation among missile-developing nations themselves. It noted that North Korea already has medium-range missiles capable of flying about 800 miles (1,300 kilometers) and is "working hard" on a missile that could reach Alaska or Hawaii. Iran, it added, is making "very rapid progress" on a medium-range missile and has the technical capability to make a long-range missile.

If international sanctions were lifted against Iraq, the panel said Iraq also could pose a missile threat to the United States within 10 years.

It warned that missile programs no longer follow the patterns of the United States and the one used by former Soviet Union that involved measured development and prolonged testing.

It said Third World countries were willing to settle for less accurate, less reliable and less safe missiles. This, it suggested, means there is less time and opportunity to detect the missile programs.

Discussing the difficulty of monitoring foreign missile development, the commission said potential adversaries also were getting better at hiding their efforts.

It noted that U.S. intelligence analysts were surprised by North Korea's deployment of its medium-range No Dong missiles after what appeared to have been only one test.



Paramedics treating Leona Siler, 13, who suffered shortness of breath standing in the unrelenting sun in Dallas.

## Heat Blamed for Up to 50 Deaths in South

The Associated Press

DALLAS — Health department phone lines are being jammed with calls from people worried about surviving the searing heat as Texas suffers under a succession of days with 100-degree temperatures.

The heat wave has been blamed for nearly 50 deaths and for withering crops throughout the South. Callers to the Dal-

las County health department wanted to know how to avoid becoming a statistic.

"People need to take this heat seriously," said Betty Culbreath, director of Dallas County Health and Human Services. "We just don't want to lose any more lives."

The heat wave has stretched north into Colorado, but has been particularly

deadly across the South. It is blamed for at least 25 deaths in Texas, 6 in Oklahoma and at least 20 in Louisiana since mid-May.

Wednesday was the 23d day this year that the temperature hit or exceeded 100 degrees Fahrenheit (38 degrees centigrade) in the Dallas area, and the 10th day in a row. It was 104 degrees Wednesday at Love Field airport in Dallas.

## Presidents Chafe at Their Bodyguards

But They Learn to Live With the Loss of Privacy That Security Demands

By John M. Broder  
New York Times Service

WASHINGTON — The heated struggle over the independent counsel's demand for testimony by Secret Service agents guarding President Bill Clinton goes to the heart of the delicate and at times difficult relationship between the president and his bodyguards.

Mr. Clinton, like all presidents, chafes at the invasion of privacy that Secret Service protection demands as the price of protection. But over time, Mr. Clinton has come to accept the suffocating proximity of his guardians as a part of his job.

With his latest subpoena of eight Secret Service officers, including Larry Cockrell, the head of the plainclothes detail guarding the president, Kenneth Starr, the independent counsel, is seeking the testimony of those with the most intimate knowledge of Mr. Clinton's movements

and his meetings to provide corroboration of other witnesses' accounts.

The Justice Department and the White House challenged those subpoenas Wednesday, saying they would intrude on a relationship that demands implicit trust and confidentiality. Breaking that bond could imperil the president's life, they say.

Mr. Starr has now served subpoenas on about 10 Secret Service employees — Mr. Cockrell, several members of his uniformed division, and the agency's general counsel, John Kelleher. Mr. Cockrell is currently the head of the Presidential Protective Detail, the plainclothes agents who provide immediate physical protection to the president and his family.

The uniformed division guards the White House and provides security at sites where the president appears. As guardians of the White House complex, uniformed officers control access to the

West Wing and keep detailed records of the president's visitors, although they rarely know what goes on behind closed doors.

Mr. Starr's efforts to compel the testimony of Secret Service officers have shaken the agency to its core.

Senior agency officials have said that it is a daily struggle to persuade Mr. Clinton — and every previous president — to accept the intrusive presence the Secret Service believes it needs to protect him. Hauling agents into court would shatter the necessary intimacy between the president and his guardians, agency officials contend.

When Mr. Clinton first moved into the White House in 1993, there were persistent reports of friction with agents assigned to guard him.

Mr. Clinton and the first lady, Hillary Rodham Clinton, bristled — as all new White House occupants do — at the round-the-clock protection and its inevitable infringement of personal privacy. The mood was not helped by rumors, later vehemently denied, that Secret Service agents had witnessed Mrs. Clinton throwing a lamp or a Bible at her husband.

Secret Service officials are sensitive to the burden that protection imposes on the first family.

"We are with them 24 hours a day," said a former member of the presidential detail. "We are there for moments of tension between you and your wife, your relatives, your children. We are there to experience your Christmas Eve, your Christmas Day. We're talking about the very minutiae of daily life."

Agents are seldom actually with the president when he is in the family quarters of the White House, although they do control access to the private floors of the executive mansion when the first family is in residence. Though the president can meet privately with anyone, agents are always nearby.

## CIA Puts Off Publication of Aging Secrets

By George Lardner Jr.  
Washington Post Service

WASHINGTON — The Central Intelligence Agency has shelved plans to open classified records on Cold War actions in the late 1940s, the 1950s and the 1960s, according to the current CIA director, George Tenet.

In a six-page statement, Mr. Tenet said he had been compelled to make the decision because the agency could not, "under current budgetary limitations," afford to meet all the pending demands for declassification.

He said statutory obligations would take priority, such as opening records about the assassination of President John F. Kennedy and also materials needed to write State Department histories.

Mr. Tenet's statement drew complaints about the CIA's performance in meeting what Mr. Tenet described as its "responsibility to the American people, and to history, to account for our actions and the quality of our work."

"Nobody believes them anymore," said Anna Nelson, a historian who is a member of the Kennedy Assassination Records Review Board. "The real problem at the CIA is the way they declassify, deleting information that can easily be found in the public arena, sometimes on the front pages of The Washington Post and the New York Times."

The history declassification projects, which Mr. Tenet said he was postponing indefinitely, were set in motion by two former directors, Robert Gates and R. James Woolsey.

The subjects of the documents include secret efforts to derail Communist parties in France and Italy in the 1940s, CIA support for Indonesian rebels in the 1950s and 1960s and the U.S.-backed coup in Iran in 1954.

## POLITICAL NOTES

## A Republican Plan On Patients' Rights

WASHINGTON — Senate Republicans have proposed legislation to protect patients' rights, joining the American Medical Association and Democrats who have sought much more sweeping protections, including the right to sue managed-care companies.

The Senate plan, to be followed Thursday by a bill from House Republican leaders, seeks to give patients a greater choice of doctors and provide tax breaks to make insurance more affordable. The Democratic plan would cover 150 million people; the Republican plan would affect only one-third as many.

The Senate majority leader, Trent Lott of Mississippi, said he planned to bring the measure, which is still being written and finalized, to the floor before Congress leaves for vacation the first week of August.

Senator Don Nickles, the second-ranking Republican and chief architect of the bill, said, "Some of the other proposals, particularly the Democratic alternative, is well-intended, but the net result would be that it would greatly increase costs, reduce access, and frankly it would increase the bureaucracy and the regulations by unbelievable leaps and bounds."

Democrats were quick to react. The secretary of Health and Human Services, Donna Shalala, called the Republican plan "too little, too late," and Senator Edward Kennedy of Massachusetts, who helped draft the Democratic bill, said it was even weaker than the version described last month by the speaker of the House, Newt Gingrich. (NYT)

## Budget Surpluses Are Looking Rosier

WASHINGTON — The Congressional Budget Office, which has come under Republican fire for being overly cautious in its economic forecasts, has issued revised figures that are relatively rosy, showing a \$63 billion budget surplus this year and combined surpluses of \$520 billion over the next five years.

Throughout the coming decade, the government will take in \$1.6 trillion more in revenue than it will spend, according to the revised report issued Wednesday, or nearly \$1 trillion more than the budget office forecasts last January.

Moreover, the government will balance its books in 2002 for the first time without drawing on the surpluses in the Social Security trust fund.

House and Senate Republican leaders who have struggled to find a politically acceptable way to finance a major new tax cut of as much as \$100 billion through reductions in domestic programs seized on the report as justification for using some of the future surpluses for tax relief.

"This is great news for every American family," said Mr. Gingrich said. "With a whopping \$520 billion surplus, we can preserve, protect and strengthen Social Security while also passing significant tax relief for hard-working Americans." (W/P)

## Quote/Unquote

Geraldine Ferraro, who is struggling to raise money in her race against Senator Alfonse D'Amato of New York, on the reaction of voters to her efforts to raise funds: "What I'm finding is that they're concerned about how much is in their bank account, not how much is in my bank account." (NYT)

## AGENTS: Full Court Declines to Reconsider the Order to Testify

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Supreme Court seeking to head off the testimony of Larry Cockrell, who leads Mr. Clinton's security detail, and other officers subpoenaed by the independent counsel, Kenneth Starr.

Summoned to appear Thursday morning, and uncertain of the status of the legal wrangling, Mr. Cockrell and the officers arrived grumpy at the courthouse and waited outside the grand jury room for more than an hour until the appeals court issued the temporary stay at 10:20 A.M. They left immediately to resume the work of protecting the president.

But their status was immediately thrown back into doubt when the appeals court decided not to review the legal dispute.

Mike Leibig, the lawyer who represents two of the Secret Service officers who had been subpoenaed, said his clients were prepared to testify but were relieved to have been spared having to do so until the courts settle what they can and cannot talk about.

"As law enforcement officers here or anywhere, they'd like to know what their duty is before they are doing it," he said. "And some of the ambiguity is what they're concerned about. They're getting all sorts of cross opinions about what they're duty is."

Mr. Leibig said the two officers he represents, whose names he declined to provide, "do not know about some vital, embarrassing, blockbuster event" between Mr.

Clinton and Ms. Lewinsky.

### A Political Fisticuff

Peter Baker of The Washington Post reported earlier:

The sudden escalation of Mr. Starr's six-month campaign to secure Secret Service testimony about Mr. Clinton's relationship with Ms. Lewinsky converted what had been a polite debate among lawyers about legal privileges into a politically charged fistfight in which neither side appeared willing to back down.

Until this week, Mr. Starr had been content to wait until the legal process played itself out, but he apparently grew tired of delays by the administration after winning support from the appeals court last week and decided to force the issue.

Besides Mr. Cockrell, the plainclothes agent who has overseen the presidential protective division since February, Mr. Starr on Tuesday subpoenaed seven uniformed officers, officials said yesterday, one more than previously reported.

"We will use all legal and prosecutive means to get this information as fast as we can," said Mr. Starr's spokesman Charles Bakaly 3d.

The White House reacted swiftly and fiercely, condemning the move as the action of "an overzealous prosecutor" trying to force the president's protectors to "betray that trust," as the White House press secretary, Michael McCurry, put it on Wednesday. Mr. Clinton's private lawyers vowed a vigorous new court battle if Mr. Cockrell

is asked about the president's conversations with them.

"These are tactics that are certainly questionable, and that's a mild way of saying it," Mr. McCurry said.

In opening fire, the Clinton camp broke its policy of generally not discussing the Secret Service dispute because, it has insisted, it has left the matter entirely in the hands of the agency and the Justice and Treasury Departments, which so far have lost two court fights to block agents from having to testify.

But Clinton strategists concluded it was an opportune moment to speak out, reasoning that Mr. Starr overreached by issuing new subpoenas even as the matter was still pending at the U.S. Court of Appeals for the District of Columbia Circuit. In particular, they characterized Mr. Starr as excessive for targeting the one agent most responsible for ensuring the president's safety.

What Mr. Starr wants to ask Mr. Cockrell remained unclear. As the head of the detail, Mr. Cockrell, 47, is virtually the president's alter ego, constantly at his hip no matter where he goes and within easy earshot of many of Mr. Clinton's conversations.

But Mr. Cockrell did not begin working at the White House until the summer of 1996, after Ms. Lewinsky had already been transferred to the Pentagon, although as lead agent he may be privy to what other agents have seen and heard.

Some Clinton advisers said they feared Mr. Starr might try to ask Mr. Cockrell about what he heard the president

say after leaving his Jan. 17 deposition in the Paula Jones case, where he was questioned at length about his relationship with Ms. Lewinsky. Mr. Cockrell was in the limousine during the brief trip back to the White House along with Mr. Clinton and his private lawyer, Robert Bennett.

There was no indication from Mr. Starr's office that he intends to question Mr. Cockrell about the car ride and risk a separate court fight, but Mr. Bennett and Mr. Clinton's other lawyer, David Kendall, suggested that was the obvious intent and would be an improper breach of attorney-client privilege.

## Away From Politics

• Drifters at Mount Rushmore in South Dakota have cut holes 15 feet (4.5 meters) deep into the backs of the heads of George Washington and Abraham Lincoln in a project to learn how well the 57-year-old mountainside sculpture has been holding up. (AP)

• The anti-tobacco lobby opened a new front against cigarette and cigar makers when the city of Los Angeles sued 16 of them for failing to warn about the dangers of second-hand smoke. The city attorney, Jim Hahn, said it was the first legal action of its kind in the United States. (Reuters)

• A Civil War buff from France has pleaded guilty to charges that he shot and wounded a man during a re-enactment of the Civil War Battle of Gettysburg, Pennsylvania. Christian Eyo, 52, has pleaded guilty to one count of recklessly endangering another person. A charge of assault was dropped. He was sentenced to two days in jail and fined. (AP)

• A man accused of being a serial rapist who preyed on tourists at hotels was arrested in Orlando, Florida. Kenneth Taylor, 40, was arrested at his home after one victim identified him in a photo lineup. (AP)

# STYLE, SOUNDS, DINING, ARTS.

Hemlines, jazz, restaurants and art — the past year's articles from the IHT can be found on our site on the World Wide Web.

<http://www.ihf.com>







## EUROPE

# Yeltsin, in a Flip-Flop, To Attend Rites for Czar

## 80 Years Later, Reburial in St. Petersburg

By Daniel Williams  
Washington Post Service

ST. PETERSBURG — A day short of the 80th anniversary of his execution, the remains of Russia's last reigning czar, Nicholas II, arrived in his imperial capital on Thursday with subdued pomp and somber dignity.

The historical pageantry quickly merged into contemporary political intrigue when President Boris Yeltsin, reversed himself and decided to attend the Friday services.

Mr. Yeltsin's decision elevated the proceedings from a controversial, even petty affair into a major state event.

Russian Orthodox Church leaders and politicians, Mr. Yeltsin included, had treated Nicholas as an outcast and refused to take part in his burial here.

In a stroke, the outcast was transformed into an officially recognized martyr. The ever unpredictable Mr. Yeltsin said he acted in the interests of history and humanity.

"I have to participate," Mr. Yeltsin said in broadcast remarks. "For 80 years, the truth was hidden. No one talked about it. I have to take part. It is the human and fair thing to do."

The return of the czar's remains to St. Petersburg closes a long and tragic chapter in Russian history. In 1917, the pre-Communist revolutionary government exiled the deposed czar from St. Petersburg.

The seething capital was unsafe, his captors said. The order was a death sentence. A year later, a Bolshevik murder squad shot Nicholas, his wife, daughters, son, attendants and even the family dog in the Ural city of Yekaterinburg.

On Thursday at Pulkovo Airport,

grim-faced soldiers bore the nine coffins from an Ilyushin-76 cargo plane that flew them from Yekaterinburg. A military band played the czarist anthem, "So Glorious."

Yellow imperial banners draped the oak coffins holding the bones of Nicholas and his wife, Alexandra. Caskets adorned with golden handles encased the remains of their three daughters, Olga, Tatiana, and Anastasia.

Coffins decorated in silver held their lady-in-waiting, Anna Demedova; the family physician, Yevgeni Botkin; a cook named Ivan Kharitonov, and Nicholas' valet, Alouzy Trupp.

More than 50 members of the far-flung Romanov family crossed themselves as their relatives passed by.

Even seven years into the post-Communist era, the imagery was extraordinary. On Friday, "Peter," as natives traditionally call St. Petersburg, was once again a baroque setting for royal theatre.

Ironies abounded. The city that Communist overseers stripped of its status as capital and renamed Leningrad, after Nicholas' tormentor, flew red-white and blue flags and black ribbons of mourning.

On Moscow Avenue, the fast-moving motorcade passed a giant statue of Lenin. Cadets at the Winter Palace dipped flags as a show of respect as the procession passed.

In a sense, President Yeltsin's lightning decision was an act of personal repentance. In 1977, when he was Communist party boss in Yekaterinburg, Mr. Yeltsin carried out orders to destroy the merchant's house where Nicholas and the others were murdered.

Soviet leaders feared the place was becoming a magnet for monarchist op-



Women in Yekaterinburg weeping Thursday at a ceremony for the remains.

ponents of the regime.

The government had killed Nicholas' return to St. Petersburg as an opportunity for national repentance. The Russian Orthodox Church, however, spearheaded a general political rejection of the ceremonies. Patriarch Alexy II challenged the bones' authenticity.

Russians thought the real reason lay elsewhere: the church could not deal with the memories of its own collusion with the Communists nor the fact that

the exiled Russian church had already canonized the czar.

Politicians squabbled over the cost of the royal entombment, the number of rifles to be used in the customary salute and whether to use the customary salute of 19 guns, not 21, because he had abdicated more than a year before the murder — even the site of the final resting place.

Moscow and Yekaterinburg saw the possibilities of an instant additional tourist attraction.

## BRIEFLY

### Dutch Investigate Child Pornography

AMSTERDAM — Dutch policemen were investigating allegations on Thursday that an international child pornography ring exploited toddlers as young as two and distributed their images worldwide via the Internet.

The investigation focuses on child pornography in all its facets, the production and distribution of the material, a police spokesman said, adding that the authorities were not yet in possession of the alleged pornographic material.

The inquiry follows claims by a Belgian anti-pornography organization that it found thousands of computer disks in an apartment in the Dutch seaside town of Zandvoort. The group, Morkhoven, took its find to the media rather than to the police.

The disks were loaded with pornographic pictures of children, some of them very young, the Dutch current affairs television program NOVA reported. (Reuters)

### French Ex-Minister Backs Immigrants

PARIS — One of France's staunchest conservatives, former Interior Minister Charles Pasqua, did an about-face on Thursday and suddenly called for more than 70,000 illegal immigrants here to be granted residency.

Speaking in the aftermath of the World Cup victory for France's multiracial soccer team, he said Paris could not simply expel foreigners, mostly Africans, who had tried without success to regularize their status under new guidelines.

"When France is strong, it can be

generous and make a gesture," Mr. Pasqua told the daily Le Monde. "De Gaulle would probably have done this."

Under the so-called Pasqua Law, passed in 1993 while he was interior minister, France earmarked 140,000 illegal immigrants for expulsion only to find out they could not be thrown out because they had French-born children or other exemptions. (Reuters)

### Basque Paper Gets Back Into Print

BILBAO — A radical Basque separatist newspaper that was shut down by Spanish authorities for alleged links to the guerrilla group ETA published a makeshift edition on Thursday under a different name.

Egin, the newspaper ordered closed on Wednesday by a judge, issued eight pages under the name "Euskadi Informazioa." Euskadi is the Basque word for Basque Country.

Egin and its sister radio station Egin Irratia were provisionally closed as part of a series of raids involving the arrests of 11 people accused of helping ETA separatist rebels. (Reuters)

### Norwegian Official Target of Explosive

OSLO — Half a kilogram of explosive was discovered in Oslo on Wednesday night under the car of a Defense Ministry official, the police said Thursday.

The car belonged to the wife of Per Haust, a senior Foreign Ministry official who led an international conference on handguns and light weapons in the Norwegian capital this week. There was no detonator with the explosive. (AFP)

## Morse Code Sinks Without an SOS

By Barry James  
International Herald Tribune

PARIS — As the inventor Samuel Morse might have said:

--- · · · --- · · · SOS

It looks like --- · · · for the Morse Code. The communications code made famous by a thousand war movies and tapped out as the Titanic slipped beneath the waves is fast giving way to computers and satellites.

Within six months, use of the Morse Code will be abolished on all oceangoing passenger ships and cargo vessels above 300 gross tons. It will have been 100 years since the first maritime distress signal was sent in Morse by a lightship in the English Channel, reporting the grounding of the steamship Elbe.

"There is a wonderful romantic image of the radio operator tapping out a final radio message as the ship sinks beneath him," said Roger Kohn, a spokesman for the International Maritime Organization in London. "But the question is, does anyone survive?"

The sinking of the Titanic in 1912 with the loss of some 1,500 lives prompted the first international Safety of Life at Sea conference, which called for vessels carrying more than 50 passengers to be equipped with a radio-telegraphic apparatus.

During the 1990s, most vessels have been upgraded to conform to the global maritime distress and safety system adopted by the International Maritime Organization 10 years ago, and which become universally mandatory next year. The system relies on satellites and a network of ground-based radio stations.

A ship in distress today no longer has to worry whether an emergency signal is received by other vessels in the vicinity. Mr. Kohn said the message would be picked up by a radio station somewhere in the world, which would coordinate a rescue action using all the resources in the region.

Take the Achille Lauro, which caught fire and sank in the Indian Ocean in December 1994. Its SOS was received by a ground station in Norway, which quickly directed a flotilla of ships to the scene, enabling all but two of the 979 passengers and crew to be rescued. If the Titanic had had the same kind of radio and satellite equipment, Mr. Kohn said, all aboard could have been saved.

The combination of wireless and Morse enabled the code to be used as a universal means of communicating at sea, with dots and dashes, or long tones and short, standing for the letters of the alphabet. It may come back into vogue if the world's electronic sinews collapse one day or are knocked out by enemy attack — in fact, the Pentagon still trains Morse operators for such an emergency. But Mr. Kohn said its defects include limited range, slowness, tendency to be disrupted by atmospheric conditions and the difficulty of training operators.

## Kohl Rivals Say Bonn Hid a Poverty Report

Reuters

BONN — German opposition politicians and the press accused Chancellor Helmut Kohl's government Thursday of failing to publish a report on child poverty for fear that it could damage his re-election chances in September.

The report, an independent study commissioned by the German government that was disclosed to two German newspapers, showed that more than a million children were living on social welfare.

It said about 12 percent of children in the western part of Germany and 22 percent in the eastern part were living below the poverty line, the Munich daily Sueddeutsche Zeitung said.

The newspaper quoted Family Affairs Minister Claudia Nolte as saying there would be a delay in publication because the team of experts compiling the report had taken longer than expected to submit their findings.

"I am outraged by this," said Edith Niehuis, the chairman of the opposition Social Democrats' family committee. She said it was "absurd that newspapers have this report and Parliament does not."

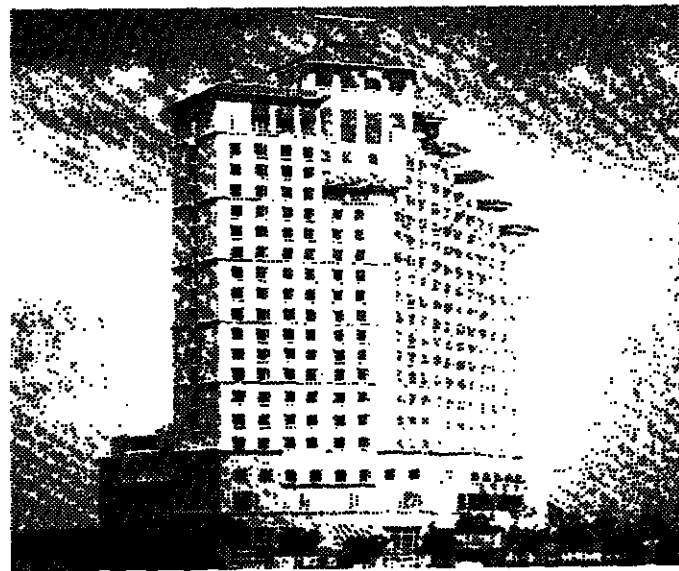
Miss Niehuis contended that Bonn's failure to publish the report amounted to deception of the voters intended purely to save Mr. Kohl's election campaign.

Mr. Kohl's Christian Democrats are trailing the center-left Social Democrats badly in opinion polls.

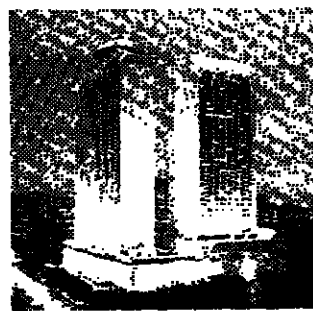
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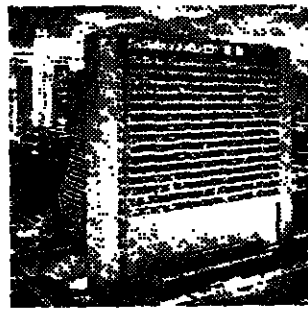
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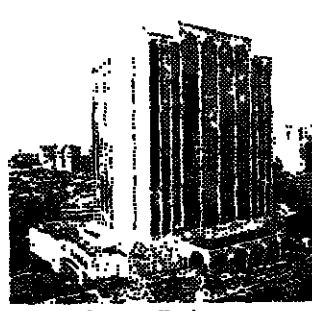
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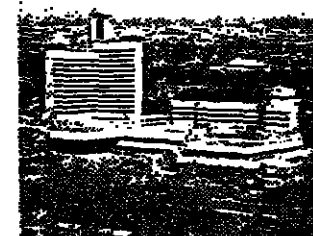


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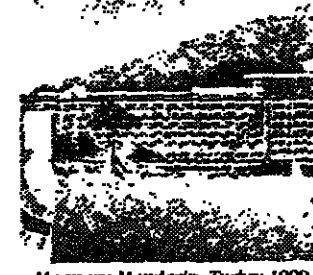
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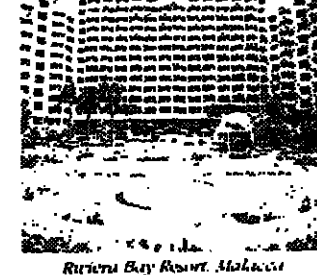
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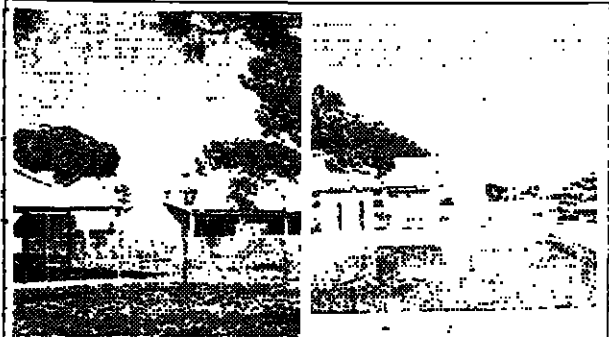


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## INTERNATIONAL

## As Attacks Escalate, White Farmers in South Africa Take Up Arms

By Suzanne Daley  
New York Times Service

MOONOOI, South Africa — Barely 15 minutes after Jeanne Pereira hit the panic button on her new radio system, she could see her neighbors' banged-up trucks tearing down the approach roads to her avocado farm here, leaving after two bedraggled suspects had surrendered.

Laborers on the farm had spotted two black men, kneeling in the tall grass, surveying the main house from the orchard. "The response was so quick, it was very nice," said Mrs. Pereira.

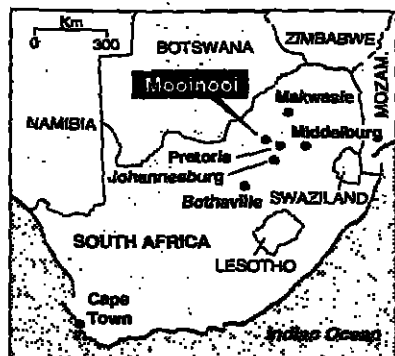
Within minutes of the capture, she had her maid handing out mugs of coffee to the farmers, who mingled casually in her yard, shotguns and automatic rifles hanging from their shoulders.

"I was so nervous when my workers said they saw there were two boys out here with guns," she said.

The farmers around here, like many elsewhere in the country, are numbering their farms on color-coded maps and setting up command posts in their basements where automatic weapons, helmets, gas masks and bulletproof vests are at the ready.

Attacks on white farmers have been mounting. In the last four years, nearly 500 farmers have been killed. Since January there have been 371 attacks on farms resulting in 75 deaths.

Some assaults have been particularly



Boers," a phrase that was popular during the struggle against apartheid.

In March, men who attacked a farm outside Pretoria told a mixed-race woman who tried to protect her white husband that they killed only whites, not "coloreds," the South African term for those of mixed race.

In other incidents, including one outside Cape Town, the attackers reportedly claimed they were members of Umkhonto we Sizwe, or Spear of the Nation, the armed wing of the African National Congress when it was fighting apartheid.

South African police and army officials say they have no evidence that there is anything like a coordinated effort against the white farmers, but special investigators studying the attacks are supposed to report to President Nelson Mandela at the end of the month.

"So far our investigations have not revealed any orchestrated efforts," said Martin Aylward, a spokesman for the South African Police Service. "We think that farmers are just easy targets for criminals. They are in rural areas. They tend to have weapons that criminals want. They have some money. It's really in only a few instances that nothing has been taken."

But many farmers are not convinced. In Moonooi, a small town about 45 miles (70 kilometers) west of Pretoria, farmers shake their heads at all that has happened to the country since apartheid was abol-

ished. They say their very way of life is under attack, from the sprawling squatter camps that have sprung up nearby to the changes in the schools that may make it more difficult for their children to be taught in the Afrikaans language.

Most of South Africa's 50,000 commercial farmers are Afrikaners, the descendants of Dutch, German and French settlers who ruled the country for most of the century and were the authors of apartheid.

Farmers are among the most conservative South Africans. They fiercely opposed the transition to majority rule and are among the most vociferous supporters of efforts to establish a "homeland" in South Africa for Afrikaners.

Some farmers say the assaults are an effort to push them off their land. "Farm attacks are political," said Hannes Bezuidenhout, 45, who has had a flower farm in this area for 10 years and answered Mrs. Pereira's call. "They want the land. But even when they have land they don't use it."

Last year, the farmers demanded a meeting with Mr. Mandela, who responded by creating the Rural Safety Plan. Actually, it is a dusted-off apartheid-era idea: Training and arming civilians as army commandos ready to respond to the communist threat — only these days, the threat is crime. Most of the farmers who went to Mrs. Pereira's farm were part of the area commando force.

Farmers have always been heavily

armed. But now they are adding to their weapons as never before. The farmer-commandos receive a few weekends of training as army reservists and are each given an assault rifle. When they respond to an incident, the police do, too. But the police force is stretched thin in farm areas, trying to cover vast areas with few men or vehicles. The farmers often get there much sooner.

In theory, the commandos are to be supposed to catch the suspects, hold them and protect the area so that no one disturbs any evidence. In many cases, this has in fact happened. But in others, the suspects have ended up dead.

In the tiny town of Mankweng, in the northernmost province, eight people recently attacked a farmer when he opened his door to a knock. His wife was able to hit the panic button. The attackers ran off and a huge search party was sent out. Several hours later, five men were in custody and three were dead. One was shot in the head and one in the groin, according to the police. An investigation into whether the farmers murdered them is under way.

The South African Agricultural Union, which represents most of the country's commercial farmers, has been outspoken about suspicions that the farmers are being selected as targets. By their calculations, farmers are attacked four times as often as other South Africans.

"The possibility that farmers are special targets cannot be overlooked," said

Kobus Visser, the spokesman for the organization.

In some cases, Mr. Visser acknowledged, the attacks appeared to be related to past disputes over money or treatment. But in others, he said, no connection was found. In Middelburg recently, he said, the perpetrators waited four days for a farmer to come home, sleeping outside in the freezing weather. They could have broken into the house anytime, but instead they waited, he said.

The same occurred in Bothaville, where an ambush was laid for a farmer and his children. The attackers had apparently already gotten the keys to vehicles on the property and could have loaded up and left anytime. But they waited until the family came home at 6:30 P.M. and fired more than 19 shots at them. "If these are plain criminal acts, why like this?" asked Mr. Visser. "Waiting around, that is just not how criminals behave."

The two men caught on the Pereira farm said they were Mozambicans who had been working as miners nearby but had been laid off. They spoke no English or Afrikaans, but told police translators that they had been looking for work and were just trying to figure out how to approach the house to ask for jobs when they were surrounded.

Privately, the police officers said they believed this. The commandos, however, did not.

## BRIEFLY

## More Than 50 Die In Chechnya Fight

MOSCOW — More than 50 people have been killed in a battle between Chechen security forces and Islamist paramilitaries in Russia's breakaway republic, the Tass press agency reported Thursday.

Tass, which said its correspondent was unable to reach the scene of fierce fighting in Chechnya's second-largest town, Gudermes, did not say how many of the casualties belonged to which side.

The fighting broke out Wednesday when Chechen officials said their military garrison was attacked by Wahabist Islamic extremists. Wahabism is a conservative arm of Sunni Islam. (Reuters)

## UN Experts to Test Iraqi Arms for VX

BAGHDAD — UN arms experts left Baghdad on Thursday with 80 samples of missile warheads that will be tested for traces of the deadly VX gas, a UN spokeswoman said.

Janet Sullivan said the samples were taken from a warehouse in the military camp of Taji, north of Baghdad, where the United Nations keeps parts of missiles it has retrieved from a disposal site.

The samples are to be taken to European laboratories for testing that should last a month. (AP)

## Clinton to Extend Cuba Law Waiver

WASHINGTON — President Bill Clinton planned on Thursday to extend a waiver for another six months of a law that requires the United States to penalize foreign firms that invest in Cuba.

The White House spokesman, Michael McCurry, said Mr. Clinton was prepared to sign papers authorizing a renewal of the waiver of the Helms-Burton law.

The Helms-Burton law has been a source of great anger in Europe and elsewhere because it allows the United States to penalize foreign companies that invest in Cuban property seized after the 1959 Communist revolution. (Reuters)

## New Prime Minister Nominated in Haiti

PORT-AU-PRINCE — In a move aimed at ending a long political crisis, President Rene Preval has nominated Education Minister Jacques Edouard Alexis to be the new Haitian prime minister, according to a leading lawmaker.

Mr. Preval said Wednesday in a meeting with the presidents of the Chamber of Deputies and Senate that Mr. Alexis was his nominee to replace Rosny Smarth, who resigned 14 months ago. (Reuters)

## For the Record

Yemen accused Saudi Arabia on Thursday of attacking its territory and seizing its land and said San'a sought a just solution to their border dispute. The borders between Saudi Arabia and impoverished Yemen have been the focus of long-running feud. (Reuters)

## DEATH NOTICE

John Frederick Christopher, Philip and John are sad to announce the death of their father.

John Bernard ROBINSON on Tuesday July 14th 1998.

A memorial service will be held on Saturday, July 18th, at 10 a.m. at the American Church, 1 rue Alfred-Vincent, Geneva.

1279 Cheneva, Vaud Switzerland.

## In Rare Trip, Syria's Assad Visits France

Compiled by Our Staff From Dispatches

PARIS — President Hafez Assad of Syria arrived in France on Thursday for his first official Western visit in 22 years.

It is a trip that could mean a higher profile for Europe in the Middle East peace process and for Syria on the world stage.

Mr. Assad's visit aims to pull Syria out of its diplomatic and economic isolation.

The visit comes two months after Damascus began negotiations for an association accord with the European Union.

President Jacques Chirac met President Assad on his arrival Thursday afternoon at Orly Airport, where the two leaders marched down a red carpet to martial music.

Mr. Assad was due to meet Mr. Chirac again Friday. He will be honored with an official banquet at the Elysee Palace on Thursday. (AP, Reuters)

## Netanyahu Hails Assad Visit

Prime Minister Benjamin Netanyahu of Israel called President Assad "serious" on Thursday and hailed his visit to France. Reuters reported from Jerusalem.

"We think it's a good thing," he said.



President Chirac welcoming President Assad to France on Thursday.

## NATO Backs Away From Kosovo Strike

## Ethnic Albanian Buildup Is Cited in Argument Against Intervention

By Steven Lee Myers

New York Times Service

WASHINGTON — The already remote prospect of NATO military intervention in Kosovo has quickly faded as the Serbian crackdown there has let up and the rebels expand their campaign, Pentagon officials said.

A month after NATO warplanes staged a noisy show of force over neighboring Albania and Macedonia, the officials said Wednesday that the North Atlantic Treaty Organization had not ruled out the use of force to halt the growing civil war in the Yugoslav province. But they said that for now, the success of ethnic Albanian insurgents in the Kosovo Liberation Army had significantly undercut that possibility.

While NATO has drafted preliminary plans, including possible air strikes against Serbian forces in Kosovo, the officials said neither the United States nor NATO had any intention of helping the rebels in their campaign for independence from the Yugoslav government by bombing the Serbs.

"They need to know — and NATO has made this clear — that the cavalry is not coming," a Defense Department official said.

The officials said they remained worried that the fighting could spread to neighboring countries, an event that would almost certainly draw in NATO, but that those fears had diminished since the Serbs have eased their crackdown.

Other officials in Washington and at NATO's headquarters in Brussels said Wednesday that NATO's military planning had virtually ground to a halt and that the United States and its allies had focused their attention on diplomatic efforts to end the fighting. The officials emphasized, though, that NATO could still launch a strike against the Serbs on very short notice. "The emphasis is very much on the political side," a Western diplomat said.

Another meeting of the Contact Group of countries monitoring the fighting — the United States, Russia, Germany, Italy, Britain and France — is to take place in London on Tuesday. President

Bill Clinton's senior national security aides met at the White House on Wednesday evening to discuss the situation.

In recent weeks, the United States and its allies have become frustrated by the rebels' apparent unwillingness to consider a peaceful resolution. Compounding the frustration is the confusion over who, if anyone, can speak for the loosely organized rebels.

"We actually are having a hard time in our community understanding exactly who is in charge who is in charge of the military, who is in charge of the politics," an intelligence official at the Pentagon said Wednesday, referring to the intelligence community.

The Serbian crackdown has eased since NATO's air exercise June 15, in which more than 80 aircraft coursed across the skies over Albania and Macedonia. Although largely symbolic, the exercise showed NATO could quickly assemble air power in the Balkans.

A day later, President Slobodan Milosevic of Yugoslavia met with President Boris Yeltsin of Russia and pledged to halt the bloodshed.

"Over the past two to three weeks, we've seen a definite leveling off and perhaps even drop in offensive-type of operations on the part of the Serbs," one of the U.S. officials said.

That raised hopes that a political solution was still possible, but those hopes have dimmed because of the rebels, who are vowing to establish an independent state of Kosovo, whose 2 million people are overwhelmingly ethnic Albanians.

The Kosovo Liberation Army, once a couple of hundred irregulars, has grown in size and strength since Mr. Milosevic ordered its crackdown.

Still, the officials said, it is unable to wage a sustained military campaign against the better-trained and equipped Serbs. The rebels control their land, these officials said, because the Serbian forces have not pursued them.

While reports have suggested that 50,000 Serbs have taken part in the fighting, intelligence reports indicate that only 10,000 soldiers from the Yugoslav National Army are involved, along with a smaller number of special police units, the officials said. The rebels, by contrast, have only 2,000 soldiers, although they can rely on the support of "tens of thousands" of armed supporters in Kosovo.

## U.S. to Punish Russians For Missile Aid to Iran

## 9 Groups Face Sanctions as Moscow Opens Probe

By Steven Erlanger

New York Times Service

WASHINGTON — The Clinton administration says it will impose trade sanctions on nine Russian companies and institutions that have been helping Iran, with missile development program.

The action came as the Russian government announced an investigation into the nine enterprises for violating new export control laws worked out in cooperation with the United States.

The trade sanctions would be the first imposed by the United States on Russian companies helping Iran, though American assistance to seven of the nine companies had already been suspended.

The Russian assistance to Iran was largely in the form of research grants and scientific partnership programs originally designed to keep former Soviet scientists working after the collapse of the Soviet Union and to make sure they would not emigrate to help countries like Iran with weapons programs.

The Washington announcement was timed to head off a congressional effort to override President Bill Clinton's veto of a bill that would impose sanctions on any company believed — but not proven — to be aiding Iran's missile, nuclear or chemical weapons programs.

The House put off its vote on overriding the Clinton veto, which was scheduled for Wednesday. While the House is expected to vote to sustain the veto in the Senate.

The bill, the Iran Missile Proliferation Sanctions Act, was passed overwhelmingly by both houses and would affect Russian and Chinese companies the hardest. It was strongly supported by the pro-Israel lobby, the America Israel Public Affairs Committee.

Mr. Clinton vetoed the bill for numerous reasons, officials say. First, they feared it would create a nationalist backlash in Russia and make it harder to win Moscow's cooperation on halting these exports.

Second, the bill calls for sanctions on the basis of "credible evidence," a low threshold of proof, and allows the president to waive the sanctions only for

reasons of national security, a high threshold for waiver.

James Rubin, the State Department spokesman, said: "The standard of evidence is far too low. We constantly see evidence that is credible but just turns out to be wrong. That's not a serious way to do business in the international community."

Another senior official said the main issue was the need for Russian and Chinese cooperation to stop dangerous exports.

"We can impose a few sanctions and show our outrage and feel better, but in reality, that's often symbolic," the official said. "The real way you get to the heart of the problem is through the creation and effective enforcement of Russian controls, and you put that at risk with a confrontational sanctions route."

Vice President Al Gore, who is about to travel to Moscow, praised the Russian decision to investigate the companies as an "encouraging step forward."

The vice president has been frustrated by the Russian help to Iran, because he has also had to be responsive to Israeli concerns about the danger posed by the Iranian nuclear, chemical and missile programs.

"We will continue to work closely with the Russian government at every level to close off exports of dangerous, destabilizing weapons technology," he said. "This includes imposing trade restrictions and suspending U.S. government programs or assistance to entities under investigation."

The restrictions will include bans on exports and imports and financial transactions, the officials said, which are more sweeping penalties than those called for under the vetoed bill.

The bill calls for a ban on the export to Russian companies helping Iran's missile program of specific commodities on the American munitions list or the Commerce Department's list of items that can have military use.

Targets of the investigation were identified by the White House as the INOR scientific center, the Graft and Ployus research institutes, the Tikhomirov Institute, Glavkosmos, the Komintern plant in Novosibirsk, the MOSO company, Baltic State Technical University and Europalace 2000.

## Israeli Sold Out to Iran

## Businessman Sentenced for Selling Gas Matériel

Compiled by Our Staff From Dispatches

TEL AVIV — An Israeli businessman was sentenced to 16 years in prison Thursday for selling poison gas equipment to Iran in a case of treason and intrigue that has gripped Israel.

The three-judge Tel Aviv District Court panel wrote in its sentence that the crime of Nahum Manbar, 52, was among the worst security offenses in the annals of Israeli criminal history.

The judges wrote, "How did the accused plunge to the lowest depths by selling raw materials for chemical warfare and the knowledge and equipment for the manufacture of nerve gas to a clear enemy state such as Iran?"

Judge Annon Strashnov said the defendant, a former paratrooper, sacrificed Israeli security "on the altar of unfettered greed." He was convicted last month of aiding an enemy state, having supplied Iran with matériel for mustard and nerve gas and equipment to build munitions plants for chemical warfare.

At the close of presentencing arguments Wednesday, Mr. Manbar presented himself as an Israeli patriot who had never intended to harm his country. "Justice will come out," Mr. Manbar said before the sentencing. "It doesn't matter what happens today. Chemicals were not sold to Iran by me."

Prime Minister Benjamin Netanyahu praised the court's decision, saying:

"The court did the right thing. This was a very serious challenge to the national security. An Israeli citizen provided the matériel of death to an Iranian regime that is committed to our destruction."

Mrs. Francine Manbar, his wife, speaking to Israel Radio via telephone from her home in Switzerland, suggested that her husband was being used as a scapegoat to cover up Israeli sales to Iran that violated a U.S. arms embargo.

"I ask myself why my husband was the only one accused," she told the radio. "Israel wasn't selling only humus and pita bread to Iran."

Mr. Manbar's lawyer, Amnon Zichroni, who has alleged that presiding Judge Strashnov was improperly influenced by Mr. Netanyahu, said the defense would appeal to the Supreme Court to declare a mistrial.

Yossi Melman, a journalist who covers the intelligence services for the Ha'aretz daily newspaper, said Mr. Manbar started out selling defensive equipment, such as gas masks and gas detectors, to Iran with the knowledge of the Israeli defense establishment in the early 1990s.

But at some point Mr. Manbar allegedly began selling chemicals that can be used both in agriculture and in making poison gas, Mr. Melman said. Mr. Manbar was warned by Israeli intelligence in late 1993 to stop those sales, Mr. Melman added. (Reuters, AP)

الجزيرة 25



## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Don't Call It Journalism

For some time now, especially as media giants devour other media giants, synergy has taken on the elusive shimmer of a corporate goal. The idea has always been that various divisions of Viacom or AT&T/TCI or News Corp. would work together to promote one another's "product." An article from the magazine wing creates the book for the publishing arm, which then segues into the movie that launches the toy soldiers that — sold altogether by one big mother company — make a ton of money for the happy stockholders.

Such all-purpose, multilayered marketing of one idea or story or superstar works for Disney's "Lion King" or the keepers of Leonardo DiCaprio. But so far there is not much evidence that synergy has been particularly good for an old-fashioned activity known as journalism.

A synergy collision last winter sinned CBS News when reporters were spotted wearing the Nike "swoosh" at the Olympics, the unfortunate outgrowth of a lucrative financial deal between CBS Sports and Nike.

At about the same time, a CBS investigator was facing delays in her article on Nike's labor practices. Although CBS argued that the two matters were unrelated, one media ethicist noted: "What next? White House and Capitol Hill reporters wearing Archer Daniels Midland lapel pins?"

More recently, Time Warner stretched an underreported piece on nerve gas from CNN to Time magazine — proving that synergy can also allow several divisions to share one company's embarrassment.

What has reignited corporate hopes about communal creativity is the announcement of a Hollywood "media venture" being created by Tina Brown. Now set to hand the editorship of The New Yorker over to a respected journalist, David Remnick, Ms. Brown will soon enter Disney's huge kingdom to create a kind of movie magazine. Its exact nature is a bit unclear, but Ms. Brown says she is planning something that will churn out movie and television ideas for her show biz bosses.

She is capable of making this project a popular success, of course, but for the writers and news consumers this deal has "wait and see" written all over it. How easy it would be to shed a little of the complexity or truth to make a story into a better television sitcom. How tempting it might become to trim any criticism of a superstar being promoted

elsewhere on the Disney family estate.

As the media change, however, the basic rules and purpose of journalism do not. Fiction does not fly. News and advertising should be kept as separate as possible. A news consumer deserves to know about conflicts of interest. And, most important, journalism's highest purpose is to inform the public, more than feed the shareholders or entertain its huge audience.

All journalistic enterprises face a difficult challenge in applying the traditional standards of the profession to the exploding world of electronic communication, where commerce and journalism intersect in new ways. Readers of The New York Times' electronic edition, for example, can read a book review, then activate a link to Barnes & Noble and order that book or some other. The same principles that have long insulated news coverage from advertiser interests can and should be applied in these new arenas to preserve the integrity of journalism, in this case the independence of the book review and of news coverage of book sellers.

As Bill Kovach, curator of the Nieman Foundation, points out, the kind of synergy Ms. Brown has described cannot accurately be referred to as journalism because it perverts the raison d'être and intellectual process of news gathering. In mainstream journalism, the news article exists to provide information to the reader or viewer. In the upside-down world of Hollywood movies, the story is created as the first step in the development of product for movies, a form that traditionally relies more on fiction than facts.

Veterans of the synergy wars say it is already at work "accidentally," which is to say with a kind of natural rather than managed momentum. A good book or magazine article can sometimes evolve into a good movie. (More often, it seems, a good book turns into a lousy movie, and almost always, a good movie turns into a lousy book.) Now a new element is being introduced, an adaptation of the forms of fact-based journalism to an industry where nothing, including the truth, is allowed to stand in the way of box office.

When something that looks like journalism is manipulated in a corporate laboratory, how long will it take before customers begin to expect synergy not with creativity but with simple greed and the vertical integration of news and entertainment organizations with mediocre and even unreliable reporting?

—THE NEW YORK TIMES

## It Will Take Force to Stop the Fighting in Kosovo

By Flora Lewis

TUZLA, Bosnia-Herzegovina — The fighting has stopped in Bosnia; 300,000 troops have been demobilized. People are starting, rather slowly and cautiously, to rebuild their homes. But the region is a long way from safe sailing away from its storms of violence.

Kosovo, as long predicted, brings a new threat of general war. It is even more complicated and difficult to unravel than Bosnia was, but there are similarities, including the nervous, indecisive reaction of outside powers.

Britain, France, Germany, Italy, the United States and Russia agree that they must take responsibility and cannot afford a repetition of the nearly five years of bloodshed they witnessed in Bosnia. They do not want to use force, except in harmless displays such as the recent air show over Albania and Macedonia. They are dithering in hope of finding a political compromise that is growing more and more elusive.

The Western powers recognize that if the level of fighting in Serbia's ethnic Albanian province of Kosovo becomes intolerable, they will have to act. But their reluctance serves as an incentive to the rebels to escalate hostilities.

There is a consensus that the blame lies essentially with Serbia's leader, Slobodan Milosevic, and the intense

repression of Kosovars that he has sponsored for nearly 10 years now, but not on how to deal with him.

Bosnia somehow is supposed to provide lessons on how to do better. There is a tendency for diplomats and NATO officials to cite Bosnia as a great success, proof that when they get involved, they can impose a solution.

But Ambassador Jacques Klein, the U.S. deputy to the high representative of the outside powers, after listing all the achievements, admitted to a conference in Tuzla that "we have not yet built a peace that we can say with confidence will survive our departure."

The conference on "Southeastern Europe" ("Balkans" is a distasteful word that countries of the region shun) was organized by the Aspen Institute in Berlin, the Council of Europe, the European Cultural Foundation and the King Baudouin Foundation to get people talking across the new borders and develop habits of cooperation.

It produced lots of technical ideas, such as federating nongovernmental organizations or rewriting history textbooks, and it was useful for people to make contact with each other.

But even the idea of some kind of institution for regional cooperation provoked fears of an attempt to re-establish the defunct Yugoslavia that, it was said, only a firmly established European context could contain. And the European Union is not about to embrace these unhappy states.

So there will continue to be a Balkan problem for quite a time. In the meantime, there is an acute Kosovo crisis.

There was a good deal of complaint among participants that the U.S. special envoy, Richard Holbrooke, who pushed through the Dayton agreement ending the Bosnian war, has undermined a solution for Kosovo.

He arranged a meeting between Mr. Milosevic and the Kosovar political leader Ibrahim Rugova. It produced nothing positive and strengthened the critics who say that Mr. Rugova's rejection of violence can get nowhere.

They want to fight, and they are getting a stream of weapons from Albania, where civilians stole at least 650,000 arms and millions of rounds of ammunition from army stocks when the country collapsed in chaos.

But who are "they"? There is a group called the Kosovo Liberation Army, but Mr. Holbrooke complains that he cannot find the effective lead-

ers. Nobody is sure who is in charge. There is a mixture of gangs, some mujahidin infiltrating from Arab lands, local chiefs and police have

The Serbian army and police have overwhelming force, but if they use it the result would be worse than Bosnia.

Nobody speaks any longer of the "red line" that then President George Bush drew against Serbian violence in Kosovo, yet it exists in an ambiguous way. How many have to die, for the powers to conclude that they must use their greater force?

There is no answer yet. Meanwhile, the hope for political change in Serbia has faded away. The opposition, which mounted an amazing series of demonstrations in the winter of 1996-97, has evaporated. Mr. Milosevic, who outwitted it with cunning patience, is using the Kosovo crisis for a harsh new crackdown on Serbian universities and what remains of independent media. He is not a man to be bluff.

It is painful to relive the self-deluding Bosnia scenario in which the belligerents just need to talk to make peace. There is no easy way out. Mr. Milosevic started it. He must pull back or be shoved back by outside armies. Waiting for "reason" prolongs the tragedy.

Flora Lewis

## Yes to Autonomy for Kosovo, but Internationally Administered

By Shlomo Avineri

JERUSALEM — Outrage at Serbian brutality in Kosovo is universal. But reluctance to use force against Slobodan Milosevic's army is understandable, especially as it is clear that Russia would veto any UN Security Council resolution mandating it.

There is also reluctance to support the claim of Kosovo's ethnic Albanians to independence. Changing international boundaries in the Balkans would seem to amount to opening a Pandora's box.

The mantra we hear is "restoring the province's autonomous status" within Serbia and thus maintaining the integrity of rump Yugoslavia's international frontiers.

But this is a hollow formula. Whatever Kosovo's autonomous status meant in Tito's multinational federal Yugoslavia, it has no meaning in the present circumstances.

How can one envisage an autonomous Kosovo within

the autocratic, Serbian-dominated Milosevic regime? In Belgrade the regime controls the police, the army and the special forces. It has a virtual monopoly of the mass media, especially television. It manipulates elections. Opposition parties are equally manipulated by a combination of intimidation, bribery, thuggery and forcible co-optation.

Mr. Milosevic is a master of survival. Look how the opposition's victory in municipal elections two years ago was turned around. What seemed to be a democratic spring has now totally fizzled out. Can one imagine that in such a nondemocratic environment a truly autonomous regime for Kosovo would be possible, with free elections, a free press, equal access to television and the control of the police? Who will control the special units now laying waste to ethnic Al-

banian villages and forcing their inhabitants into exile?

Autonomy for Kosovo in a nondemocratic Serbia is an oxymoron. It is meaningless.

Yet autonomy, and not outright independence, may be the way out of the present circle of violence, if it is so crafted as to protect Kosovars from Serbian brutality while they still remain within Yugoslavia. The solution is to structure autonomy so that it would be administered in effect through an international presence.

Such a presence — which should have the necessary clout to be effective — would be based on a multinational force formed by the members of the Contact Group, including Russia. It would supervise elections, guarantee freedom of the press and free access to television, enable political parties to organize freely, and have responsibility for law and order.

That is not what Kosovars want. It is obviously a compromise. But both sides could present it as a victory.

Ethnic Albanians would be protected by the international community. Serbia would be spared military confrontation with NATO or a UN-mandated force. Sanctions would be lifted, and Kosovo would still remain part of Serbia.

All this would leave the ultimate status of Kosovo in limbo. But the present situation is not yet ripe for final-status negotiations. And this solution would stop the fighting.

The stopgap measure achieved recently by Richard Holbrooke, providing for international observers, is a step in the right direction.

There is no reason to imagine that Russia would object. It would be part of the supervising international presence.

International lawyers might not like such an arrangement, as it leaves the issue of sov-

ereignty fuzzy. But that is its main merit. The status of the Republica Srpska under Dayton and that of the Palestinian Authority under Oslo are also ambivalent. There are times when ambivalence is the only win-win strategy.

If such a solution is not found now, deterioration and brutality will eventually lead, as in Bosnia, to a much deeper outside involvement and the danger of escalation.

Autonomy for Kosovo now, internationally administered, can prevent further destabilization. And when Serbia undergoes a democratic transformation, the day may come for addressing the final status of Kosovo in a calmer climate.

The writer, a professor at the Hebrew University of Jerusalem, is a former director-general of Israel's Ministry of Foreign Affairs. He contributed this comment to the International Herald Tribune.

## Keep the Libya Embargo

A flurry of political clues suggests that the United Nations air embargo on Libya is starting to succumb to a kind of sanctions fatigue in which the memory of the original provocation fades and the benefits expected of normalization come to take on a rosy hue. This should not be allowed to happen by any government decently interested in the rule of law and the safety of the skies.

The embargo was imposed not out of any random pique at Libyan strongman Moammar Gadhafi but as a result of intelligence findings that two Libyan intelligence agents had bombed Pan Am Flight 103 over Scotland in 1988, killing 270 people in the air and on the ground. The limited and targeted response at the United Nations was to deprive Libya of international civilian air transport until it allowed justice to be done to the two Libyan suspects. The victims' families, the British and the United Nations agreed with the United States that this requirement had best be met by a trial in American or British courts.

Since then, Colonel Gadhafi, contending that the Americans and British could not mount a fair trial, has offered

a succession of wispy, changeable and to some inattentive listeners, plausible-sounding proposals for a trial somewhere else. Firmly and rightly, successive presidents have said "no."

It is absurd at face for the Libyan dictator to set himself up as the arbiter of international justice. A series of trials of Muslim terrorists in American courts has amply demonstrated the quality of American justice.

More recently, he has extended his efforts to break Libya's air transport isolation by attracting high-profile foreign visits or favorable regional political resolutions whose effect is to weaken the UN air embargo. The Italian government, while still respecting the embargo, unhelpfully chose this moment for an agreement to resume normal neighborhood ties with its former colony.

It is a long time since Libya bombed an innocent aircraft out of the skies over Lockerbie. The point of an air embargo may have dulled in some sectors of public and official opinion. But a gangster act of terrorism was committed, and the pursuit of its perpetrators must go on.

—THE WASHINGTON POST

## An Open Global Economy Needs Growth in East Asia

By Fareed Zakaria

NEW YORK — The fire raging in East Asia today jeopardizes one of the central achievements of postwar American foreign policy — the stabilization and growth of East Asia. Even more dangerously, if it continues to fester, this crisis could undermine support for an open global economy and economic and political liberalization across the world.

The facts are bleak. In the last two years Indonesia's economy has shrunk by almost 80 percent, Thailand's by 50 percent, South Korea's by 45 percent, Malaysia's by 25 percent. Currencies and stock markets have plunged to unimaginable lows; unemployment and poverty are climbing to new highs.

The Clinton administration and the IMF had an initial strategy to deal with what began as a financial crisis in Thailand in June 1997. They assumed that it would be temporary and localized, and that the IMF would restore stability. All three assumptions have been proved wrong.

The IMF's prescriptions have not worked; currencies and stock markets continue to fall. The panic is now a depression and has spread beyond East Asia. Markets as large as Russia and Australia and as distant as Mexico and South Africa have been battered.

The prosperity and stability of East Asia are extraordinary achievements. Thirty years ago, most of these countries seemed stuck in the poverty that afflicted the Third World, and the region was the most troubled part of the globe.

In Indonesia, more than 300,000 people had died in mob riots after a failed Communist-backed military coup in 1965. Malaysia, in civil war from 1948, lifted its state of emergency only in 1960. China, Taiwan and the Koreans had all been through grueling conflicts in the late 1940s and 1950s. The Vietnam War was still in full fury.

A generation later, most of these nations had dramatically raised their living standards, substantially alleviating poverty and disease. Taiwan, South Korea and Malaysia, had begun liberalizing their politics as well. It was the fastest move out of misery in history.

The success of the region owes much to the hard work of its people but also to American foreign policy. The United States fought two wars after 1945 to maintain stability in East Asia. It advocated economic and foreign policies that were adopted in much of the region.

Compared with countries such as Brazil, Egypt and India — whose protectionism and central planning were cheered on by socialist governments and left-wing economists — East Asian regimes adopted policies that were broadly hospitable to free markets and free trade.

They opened themselves up to foreign investment and multinational corporations and let the private sector flourish.

Throughout the Cold War they were consistently anti-Soviet, banding together to form the Association of South East Asian Nations, practically the only pro-American regional grouping in the world outside of NATO. For these policies they became the pariahs of the Third World, often branded as American stooges.

In fact, the growth and stability of East Asia have been a central achievement of American foreign policy in the postwar era, a living refutation of once fashionable theories about American neo-imperialism. Third World dependence and the necessity for socialism in poor countries.

All this is at risk today.

If East Asia does not begin to recover soon, the dangers to its own well-being are obvious, but those to regional stability and American interests are also great. South Korea's growing weakness makes that peninsula even more unstable than it already was. Indonesia, a geographic absurdity comprising 2,000 islands and 1,100 dialects, could easily lapse into violence and begin splintering.

The sudden shift in the balance of power away from Japan and toward China will not serve regional peace or American interests. Japan remains the second-largest economy in the world and a liberal democratic partner of America. Its decision to stay a non-nuclear and largely nonmilitary power is a cornerstone of East Asian stability.

China, on the other hand, is a rising power in the midst of transforming its entire political and economic system, ruled by a regime seeking legitimacy. Great power transitions are never easy, but it is better when they happen slowly, surely and, in any event, not in an atmosphere of general crisis.

Most dangerously, the continued unraveling of East Asia's economies could derail economic and political liberalization across the globe.

East Asia's governments have already tried to quell unrest

by sounding more populist and protectionist. Labor unions and opposition figures in South Korea, Thailand and Indonesia have begun demanding an end to the IMF-forced liberalization.

Beyond East Asia, one can also see people drawing the wrong lessons in India, Egypt and Mexico, where intellectuals and politicians have begun to point to East Asia's fate as the reason not to move toward free markets and free trade.

Support for liberalization has always been weak in most of the Third World. But when a country is growing at 8 percent a year, the opposition to reform is effectively silenced. When it is growing at 0.8 percent, as Malaysia will probably do this year, opponents are emboldened and their arguments gain currency.

If the world appears to be divided once again between rich Western nations and poor non-Western ones, these fires of resentment will only grow.

What is to be done? The IMF's initial approach to this crisis was misguided in two vital areas — its requirements for low government spending and large-scale domestic reform. It treated East Asian countries as if they had the usual developing country disease — out-of-control budgets. In fact, most were running budget surpluses, and had high savings rates and little inflation. In this context, an insistence on a tight fiscal policy was unnecessary and probably counterproductive.

On the other hand, the Fund's insistence on tight monetary policy — high interest rates — is an understandable compromise between those who advocate even stronger methods of maintaining the value of currency (linking it inflexibly to the dollar) and those who want deflation. Given the huge devaluations that have taken place across the region, some measures to restore confidence in East Asian currencies are not just appropriate, they are vital.

The requirements for domestic reform, especially of the financial sector, are based on impeccable economic logic. East Asia's economies do indeed practice a form of "crony capitalism" with under-regulated banks and much nepotism.

But as a political matter, was this the time to attempt a radical overhaul? Many countries have major inefficiencies in their systems. Were the IMF to focus its gaze on, say, France and Germany, let alone Brazil, it

would surely find extravagant subsidies, cartels and other market-distorting mechanisms.

The IMF's reform requirements have undermined the legitimacy and support of East Asia's governments at a time of acute crisis. If the situation does not improve, we may well see five or six major countries — including South Korea, which is an OECD member — default on their foreign debts and impose capital controls on their currency. Say good-bye to globalization.

Mexico recovered after its financial crisis of 1994 because of that great sucking sound to the north — the U.S. economy buying Mexican goods. East Asia's economies can grow their way out of their current misery only if Japan similarly fuels their export expansion.

With Tokyo's economy declining by about 3 percent this year, this seems unlikely. But the Japanese can solve this problem by spending and investing some of the vast sums they have, both in public and private hands.

But more than any specific economic policy, the Clinton administration must fashion an overall political and economic strategy for East Asia. The people of these countries need to be given the sense that economic and political liberalization has not caused their problems, that they are not being abandoned, and that the West — in particular the United States — is ready to help.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Catalonia Party

MADRID — There has appeared in powerful Catalonia, the golden province of Spain, a strong Separatist party, which disclaims the misrule of Spanish government, and has as the base of its programme semi-independence under the protection of France. The programme of the agitators is so unprecedented, and the influence of the members of the organization so great, that the Government seems at a loss as to how to grapple with this new trouble.

## 1923: No to Socialism

LONDON — Mr. Philip Snowden's resolution in favor of Socialism was defeated in the House of Commons. "I am determined to resist any system under which the whole field of industrial and commercial activity is publicly owned and controlled to the exclusion of

individual initiative," said Mr. Lloyd George. "If we are to prevent the workers from rushing into experiments which would prove disastrous, it is essential that the House of Commons should redress the obvious evils of the present system."

## 1948: Civil Rights

CHARLESTON, S.C. — South Carolina's Democratic party was ordered to permit Negroes to join. Judge Waring issued a preliminary injunction opening the registration books of the traditionally white party to Negroes. The Negroes charged the Democrats with discrimination in setting up two separate rules for primary voting and by drawing up "an unreasonable oath." The oath requires a pledge favoring social and educational segregation, opposition to the civil rights program and opposition to the fair employment practices code.

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## OPINION/LETTERS

## Working to Unfreeze 'China Connection' Probe

By William Safire

WASHINGTON — Attorney General Janet Reno told the Senate Judiciary Committee's Arlen Specter on Wednesday that she was prepared to take — and in reality evade — his questions about Chinese penetration of the White House "until hell freezes over."

That was an apt metaphor for an investigation long encased in ice.

Twenty-one months ago, journalists discovered evidence of financial corruption in the 1995 political campaign led by a band of Asian-Americans close to Clinton-Gore who were fronting for illegal overseas money.

But even after the FBI reported a connection to Beijing intelligence, the Reno

Justice Department hid its head in the sand.

First the investigation was assigned to "Public Integrity" incompetents. After newspapers dug up facts unknown to her timeservers, Ms. Reno again avoided independent counsel by appointing a supposedly hotshot San Diego prosecutor — who indicted small fry identified earlier in press reports but then hastily bailed out as the trail led into the White House.

This week the New York Times reporters Don Van Natta Jr. and David Johnston revealed that the revolving-door Justice team was now disheartened and floundering.

A Times editorial nailed down the reason: "If you want to prevent a ship from reaching its destination, just keep changing the navigators."

Confronted with this, the attorney general snarled: "One newspaper editorial should not dictate public policy."

But this investigation was initiated by "leaks" in print from journalism to Justice, not the other way around. And the need to take it out of the hands of a deeply conflicted Justice Department, it turns out, is supported by the man best in a position to know: FBI Director Louis Freeh.

Mr. Freeh has been worried all along that secret intelli-

gence gathered by the Federal Bureau of Investigation and the National Security Agency would make its way back to the top White House policy-makers close to the Chinese operatives and most interested in shutting down the investigation.

In November of last year, this former federal judge sent a 27-page legal memo to Ms. Reno urging her to seek independent counsel that could safely work with the FBI.

Ms. Reno has that report in her deep freeze. Mr. Freeh will not make public his disagreement with her cover-up. But on June 19, the FBI general counsel briefed Senators Fred Thompson and John Glenn in detail on the contents of Mr. Freeh's dissent.

"It is difficult," the FBI counsel reported Mr. Freeh to have written, "to imagine a more compelling situation for appointing an independent counsel... It's a conflict for the attorney general to investigate her superiors."

Did the law require Ms. Reno to have an actual conflict, as she had told the Senate, and not merely the appearance of one?

Not true, according to Mr. Freeh: such a Justice Department proposal was specifically rejected by a then-Democratic Congress as recently as 1994.

"The Attorney General can consider appearance," wrote the FBI director, "as well as actual conflict, might weaken public confidence."

Senator Thompson reported that the ultimate conclusion by Mr. Freeh was that the independent counsel law, which arose from Watergate and was closely tied to campaign finance law, "should be triggered under both the mandatory and discretionary provisions of the statute."

The discretionary part is inescapable, Mr. Freeh pointed out, because "the attorney general's chief investigator has concluded that there is a political conflict of interest."

To these revelations of direct opposition from the FBI to her unlawful misjudgment, Ms. Reno took refuge in her power to refuse secrecy: "Our understanding was that the briefing was confidential."

Senator Thompson disagreed. Though Mr. Freeh's detailed opinion was hers to suppress, "as far as the oral part was concerned, we were under no restraints."

At a time when we journalists are agonizingly examining our own sources and methods, we do well to remember that this fund-raising corruption affecting U.S. national security was unearthed by responsible reporters and is driven by fearless editorialists. Clinton Justice would rather await subzero in Hades.

At a recent embassy reception, I ran into Louis Freeh. The only thing he would say was, "You guys led the way."

The New York Times

## When It Comes to the Code War, Even the Dataless Get Drafted

By Richard Powers

URBANA, Illinois — The Cold War is only now beginning to heat up.

As more Americans do business on-line, Internet commerce has created new worries about the security of personal information. Many consider encryption — the technology used to encode information and keep it private — to be the solution. As the networked world wires together our newly

criminating datum that can and will be held against you.

Recently I bought a house, my first. I paid cash, as I have for everything I have ever bought. I have never taken out a loan or owned a credit card.

In part, I am the product of parents who did not believe in debt.

But I also vowed 20 years ago — 21-year-olds are capable of endless naiveté — to leave as little of myself hostage to digital fortune as possible. Privacy might be a vanishing illusion, but back then one could still keep the public record to a minimum.

A problem arose when I tried to get a phone line for my new home, however. When I called the local phone company, a voice on the computerized menu system indicated that my call might be recorded, to serve me better.

A cherry operator took my order and entered all my numbers into the proper fields on his screen. Then cheer vanished in the face of the available data.

He explained that my credit history showed a small problem.

Impossible, I assured him. I've never used credit in my life. That, he informed me, was the problem. My lack of a borrowing record all but proved that I was not worth the risk.

Several faxes of once-personal documents, all transmitted over unscrambled lines, at last convinced the central computer of my phone-worthiness, and I succeeded in opening up yet another score of searchable records on my existence. I agreed to pay \$2 a month to keep my number unlisted, knowing full well that any self-respecting 13-year-old could pull it up in minutes from one of several dozen easily cracked servers.

Kafka, it struck me, was strictly minor league. Even the attempt to remain anonymous now reveals more about a life than any life can possibly hide.

The rise of systematic record-keeping itself created the idea of a right to privacy. The technologies of writing, print, telephony, telephony and tape brought it into being. Now new technologies, far more fungible, leveraged and ubiquitous, are busy rendering the idea quaint.

So now we fight the battle of encryption, a war over who gets access to what data about whom. Years will pass before society will reach any meaningful consensus. But the larger war for a life lived off the record is already lost.

The writer is the author, most recently, of "Gain," a novel. He contributed this comment to The New York Times.

## Mrs. Cosby Opens a Real Dialogue on Race

By Richard Cohen

WASHINGTON — It took Camille Cosby to do what Bill Clinton could not. With one article in USA Today, the wife of Bill Cosby and the mother of the slain Ennis Cosby opened a real dialogue on race.

"I believe America taught our son's killer to hate African-Americans," she wrote. I believe she has good reason to think that. But I also believe she is wrong.

Her son's killer, Mikhail Markhasov, is an emigrant from Ukraine. "Presumably, Markhasov did not learn to hate black people in his native country... where the black population was near zero," Camille Cosby wrote. Yet

after he killed Ennis Cosby, Mr. Markhasov reportedly said to a friend: "I shot a nigger. It's all over the news." The Americanization of Mr. Markhasov had seemingly been swift.

But he did not need to come to America to learn racism. While it is certainly present in America, it is also embedded in the culture of Eastern Europe. It does not seem to matter that the region has few blacks. Bigotry is a triumph of the imagination over both fact and common sense. Actual people, in fact, just complicate matters. Much of the rest of Camille

Cosby's argument is, however, simply indisputable. It is America as she sees it, and with that no one can quarrel.

When, for instance, she points out that images of slave owners adorn the paper currency, she is, of course, right. She names George Washington and Thomas Jefferson, neither of whom is a surprise, but then she adds Benjamin Franklin and Ulysses Grant, and their slave ownership is, I confess, news to me. I did not know that.

And that, in a way, is Camille Cosby's point: America looks different to blacks than it does to whites.

Where, for instance, a white person might see the inclusion of D. W. Griffith's "Birth of a Nation" on the list of America's top 100 films as an unexceptional acknowledgment of the obvious, Mrs. Cosby sees it as the acceptance of a racist movie, ugly down to its last frame. "This movie depicted black people as subhuman creatures," she wrote. Indeed it does.

In one of the first responses to the Cosby column, my Washington Post colleague Colbert I. King noted that Woodrow Wilson, a president who left his name all over the Washington area (a bridge, an institution, a boulevard, a high school) was, by today's standards, a racist who presided over the institutionalization of Jim Crow in the nation's capital. Mr. King sees the Wilson Bridge as some Jews hear the music of Wagner: It has a context that others miss.

Mr. King mentions "darkie stories" of the sort President

Wilson enjoyed telling. He might also have mentioned the "coon songs" of the era. In her book "Terrible Honesty: Mongrel Manhattan in the 1920s," the scholar Ann Douglas tells us that "Alexander's Ragtime Band" was one such song, Alexander being the comically grandiloquent name of a black man.

Students of musical history or mere students of history know these facts, but most Americans do not. I would bet all the plaid shirts in Tennessee that Lamar Alexander had no idea of the origins of "Alexander's Ragtime Band," the theme song for his 1996 presidential campaign, and neither did almost anyone who heard it.

And that is where I differ with Camille Cosby. America once was an indelibly, casually racist society. Racism was normal, unexceptional, so much a part of the culture that even many progressives accepted part of the dogma. No more.

The very success of the Cosbys strongly suggests that the country has changed. In fact, the change has been so dramatic that most Americans, blissfully ignorant of their own history, have almost no idea of its extent.

In black America, however, this is not the history of dry tones but of stories told at the dinner table. It lives in the experiences of people still alive, of entertainers who could play Vegas but not stay there, of cab drivers in Washington who can tell you which hotel first allowed blacks to pick up passengers — and, apparently, in the anger-cum-anguish of a Camille Cosby.

The Washington Post



Hot air.

## LETTERS TO THE EDITOR

## Refugees and AIDS

Regarding "Let's Not Leave Refugees Unarmed Against AIDS" (Opinion, July 9) by Millicent Obaso: We read with interest Millicent Obaso's article and would like to correct one possible misunderstanding. The United Nations High Commissioner for Refugees' policy does not prohibit voluntary AIDS testing in refugee camps. What should not be pursued as a matter of policy is mandatory testing among refugees, with the obvious exception of testing blood for transfusions.

Sadly, HIV/AIDS is present in all populations. Mandatory testing has no public health justification. It does not itself stop the spread of the virus, it violates the rights of the individual and it

leaves those who are identified as HIV-positive open to discrimination.

HIV infection spreads fastest in conditions of poverty, powerlessness and social instability — conditions that generally prevail in refugee emergencies.

The establishment of adequate facilities for confidential voluntary testing and counseling is desirable, but this usually cannot be done during the first, acute phase of an emergency, when available testing facilities must be devoted to ensuring a safe blood supply for transfusions.

As the emergency situation stabilizes, voluntary testing and AIDS counseling programs should be made available to refugees and extended to the local population as well. Unfortunately, provid-

ing such care is ultimately a resource question.

JUDITH KUMIN, Geneva.

The writer is chief spokesman for the UN High Commissioner for Refugees.

**Detecting Spirits?**

Regarding "Faith and Science: Is There Common Ground?" (Features, July 2): Science describes the observable and measurable. Faith is pure speculation, although it can be sophisticated. Fundamentally we are interested only in knowing if some part of our person (especially our mind) can survive death. This may or may not have something to do with whether there is a god.

The challenge to science is thus to detect and measure the

presence of spirits, which should be abundant if we are to believe the religious. Now that we are about to measure neutrinos, this should be a next step.

MONROE M. SOLOMON, Bilbao, Spain.

**Who Said What**

Regarding "If They Can't Behave, Too Bad for Them" (Opinion, July 9) by Richard Reeves: Mr. Reeves says that George Washington tried to warn Americans against "entangling alliances." In fact, that expression was used by Thomas Jefferson in his first inaugural. Washington, in his farewell address, had warned against "permanent alliances."

BERNARD SINSHEIMER, Boulogne, France.

## CROSSWORD

- ACROSS**
- World War II danger
  - Stings
  - I.R.S. worker
  - Phantom
  - Certain craving
  - Bottom of the crankcase
  - Sarah, Duchess of —
  - Major birth news
  - Part of a Latin trio
  - Woman with a cause

- Prof. helps
- Flop, as a top
- Food for Fido
- Nastina
- Lord's Prayer
- Part of a box
- Good bridge locale
- Composer Bruckner
- Kind of eraser
- One of the Near Islands
- Some football teams
- Half a cartoon couple

- DOWN**
- Great Pitt Valley locale
  - Geometrician's study
  - Diagonal mark
  - Words of reassurance
  - Nurse's aid
  - "Wheel of Fortune" request
  - Famous mathematical curiosity
  - Made
  - Sand
  - Invigorating words
  - Be seen by, in a vision

- Hearty entrée
- Nine-digit ID's
- Down (on)
- Struggling rural worker
- Winningest southpaw in major-league history
- Captive of Hercules
- Hard to believe
- A.A.R.P. members
- Trim
- J.F.K. watchdog
- Charm
- Wailed upon
- Worry, perhaps
- Permission paper
- Not lost or destroyed
- Volleyball player
- Côtes du Rhône and others
- Wretched
- Vent sound
- Buddy
- Noisy town in Buckinghamshire
- Hole number
- 1994 World Cup host

**Solution to Puzzle of July 16**

HAOON SOPPY NAB  
ADELE WALLA ARE  
HOWDIDAFULL PLY  
DELAY TWEAKED  
DERN METZ DINA  
ORO ANDNISIMNEY  
JUMPEO UNITE  
GASLAMP GENTLE  
TUMBLE ESSAY  
GETTOGETHER PRE  
ALOE SOUR BONS  
RAISING GEARS  
NIL TOBEGIMITH  
ENE EVOKE TITHE  
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# Leisure

## On a Hong Kong Menu, Kung Fu and Nostalgia to Go

By Alison Dakota Gee

**H**ONG KONG — The bill of fare at Hong Kong's new Bruce Lee Café is meant to pay homage to a legendary screen idol. But somehow, culinary offerings such as Fish of Fury, Satay of the Dragon and Kung Fu Curry do not quite capture the mythic qualities of the martial arts hero.

Never mind. They do, at the very least, hint at Bruce Lee's remarkable resonance. It was a quarter of a century ago, on July 20, 1973, that Lee died at age 32 of cerebral edema, apparently brought on after he had taken too much aspirin. But for the people of Hong Kong, as well as for those all across the region, Lee — martial arts warrior, film star, cultural ambassador, philosopher and writer — remains one of the most popular icons of the 20th century.

Testament to his enduring power is everywhere in this small, two-story café and makeshift museum. There are shelves and shelves teeming with Lee memorabilia: T-shirts, ceramic figurines, coffee mugs and posters. His original nunchucks (a weapon fashioned from two wooden sticks and a chain) and his somber black kung fu suit from "The Way of the Dragon" are displayed in a Plexiglas shrine. Covering every wall are movie stills that capture him, mostly bare chested and slick with sweat, in the peak condition of his short life.

But it is the images of Lee in motion that stun.

They flicker from television monitors, commanding foreign tourists and die-hard local fans, who have already marked a well-worn pilgrim trail here, to stand around the café's bar, silent and transfixed. All of Lee's famed scenes play again and again: the 30-minute, meticulously choreographed pas de deux of primal blows, kicks and yelps performed by Lee and Chuck Norris in the Rome Coliseum at the culmination of "The Way of the Dragon." The passages from "Enter the Dragon," in which Lee moves slowly, silently into a darkened hall of mirrors while his adversary Han lies in wait.

In each of the cult-favorite scenes, Lee prowls the screen, his body radiating energy and anger, pectorals and biceps twitching in building fury.

"He was the most charismatic person I ever met," said Jon Benn, the American-born restaurateur who opened the Bruce Lee Café. Benn, who moved to Hong Kong in 1970, has earned a minor international celebrity among Lee fans as the evil white villain Big Boss from "The Way of the Dragon." A businessman, not an actor, Benn met the Hong Kong movie mogul Raymond Chow at a cocktail party shortly after he arrived from the United States.

"He came up to me and asked if I would like to be in a film with Bruce Lee," Benn said. "At the time, I had no idea who Bruce was but I said, 'Sure, why not?' Today, Benn regales the café crowds with tales of his friendship with Lee, which flourished even after the movie wrapped.

"Bruce loved to show off," said Benn, sitting below a photograph of himself locked in a no-contest arm-wrestle with the actor. "On the set, he would suddenly drop down onto two fingers and do a hundred push-ups. Once, just for fun, he jumped up around nine feet and kicked a light-bulb out of a ceiling fixture."

When Benn opened the café in June, Lee followers finally found a place to gather, trade stories, pay their respects and — yes, it must be said — shell out cash for more Bruce Lee keepsakes.

During July, there will be several Hong Kong venues at which devotees and the curious can celebrate his memory. On Monday, the anniversary of the day on which Lee died, Raymond Chow's studio, Golden Harvest, will premiere "And Now You're Dead," an all-action feature starring Lee's daughter, Shannon.

On Saturday, the Hong Kong-based Bruce Lee Fan Club will open an exhibition of memorabilia at the Hong Kong Arts Center that the words "shockingly comprehensive" can only begin to describe. The collection is made up of almost every imaginable trace of Lee's existence, 10,000 items that range from the expected (laser disks,

rare books, Lee action figures, Lee-theme toys, his personal weapons) to the downright fanatical (a pair of his shoes and pants, a face mask and a credit card receipt for a \$12.55 shirt that bears Lee's signature — which a fan club member bought for \$1,300 at a Los Angeles auction.)



Café Bruce Lee pays homage.

Lee was born in 1940 in San Francisco (his father was a Cantonese Opera comic actor who toured internationally), but he spent most of his boyhood years in Hong Kong. At the age of 3 months, he made his film debut in "Golden Gate Girl" (although appearing as a newborn girl, he was more of a prop than a character). By 18, he was commanding starring roles in such local films as "The Orphan." His international debut came with a supporting role in the American television series "The Green Hornet."

As Kato, the Hornet's crusading companion, Lee astonished viewers with his kung fu prowess. Star-vehicle movies such as "Fists of Fury" parlayed Lee into an international celebrity and, in the process, placed the Hong Kong film industry on the map of world film.

Some people think that Lee redefined the way

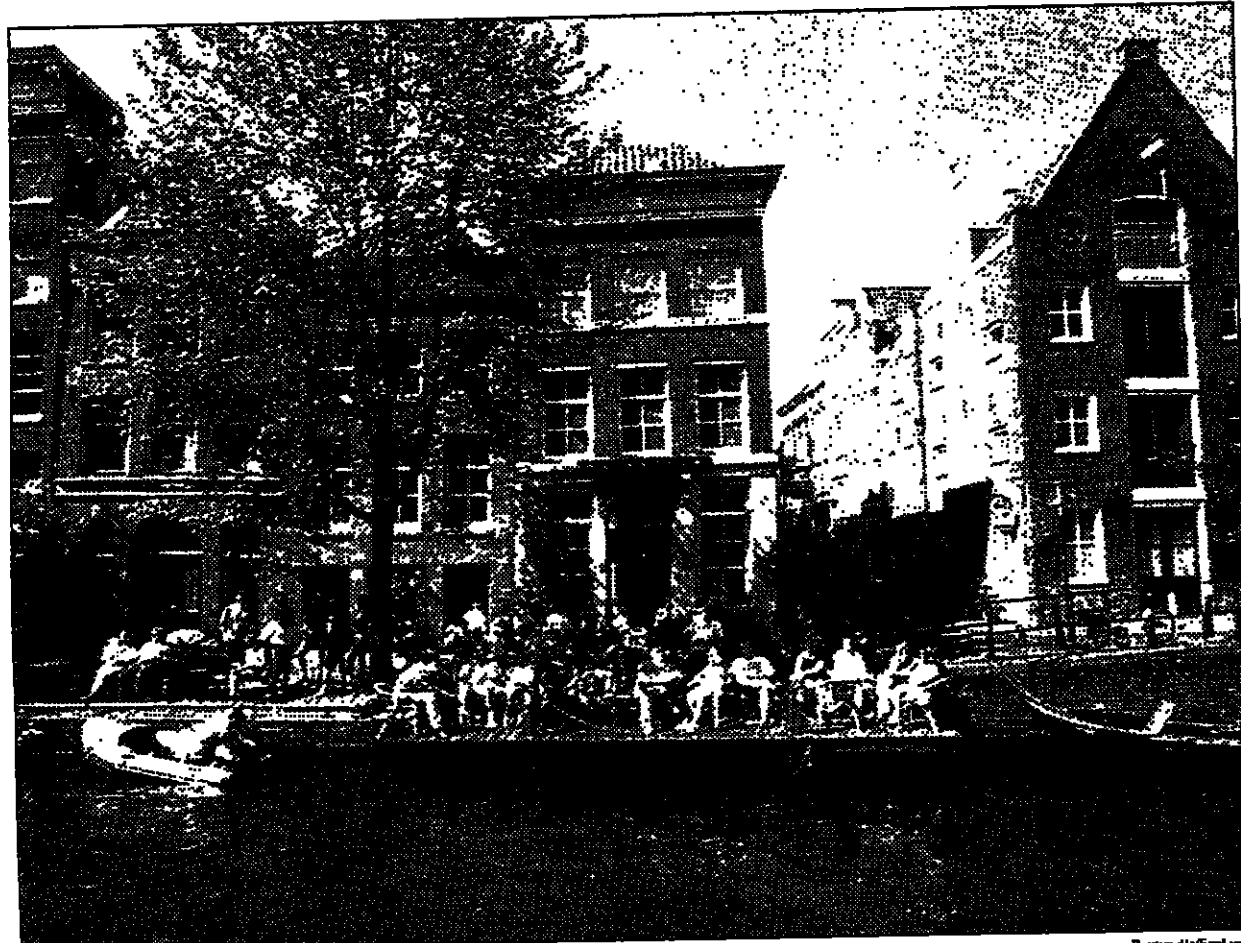
Asian men were perceived by moviegoers in the West — and indeed, by themselves. For Hong Kong Chinese living under British colonial rule, he became a vital symbol of personal and cultural strength.

"My father took me to see 'The Big Boss' when I was 7 years old," said Lawrence Cheng, spokesman for the fan club. "Afterward, I could not sleep all night. I kept thinking about Bruce and asking myself, 'How could a Chinese man — or any man — be that fast, that strong?' Bruce Lee completely changed the image of Chinese people."

It wasn't only martial arts enthusiasts who felt so passionately about Lee. Film critics applauded his work as well. Law Kar, the programmer of the Hong Kong International Film Festival, said, "Bruce Lee was not just a kung fu hero, he was a national hero. He might have made highly commercial films but he brought to life characters who inspired strong feelings against oppressive bosses, colonialism and the ruling class."

Lee's cinematic persona was that of a classical martial arts master. "He not only had a great physical skill but high ideals and a defined philosophy as well," said Law, adding that Lee would always stand up for fallen people. "He spoke out and fought for what was ours," Law said. "And what we continue to take from Bruce Lee is his purity."

Alison Dakota Gee is a journalist based in Hong Kong.



Customers enjoying Café Twist's sunny terrace on the banks of the Egelantiers canal in Amsterdam.

## Amsterdam Rooms With a View 2 Hotels Offer Comfort Overlooking the Canals

By Geraldine Fabrikant  
New York Times Service

**A**MSTERDAM — In many cities the hotels with the best locations and views command the highest prices. But in Amsterdam a web of canals threads through the central city, insuring that even those without deluxe accommodations budgets can enconce themselves in rooms with glorious waterfront views.

My daughter, who works in Amsterdam, has become an expert on hotels and restaurants that tourists often overlook. For my visit in March, she suggested the Ambassade, a hotel created out of 10 adjacent houses four and five stories high along the posh Herengracht (one of the city's central canals) that the two owners began converting in 1953. A 10-minute walk from the heart of central Amsterdam, the small, intimate and elegant Ambassade is not precisely a business hotel: There are no answering machines or faxes in each room, although voice mail has since been introduced.

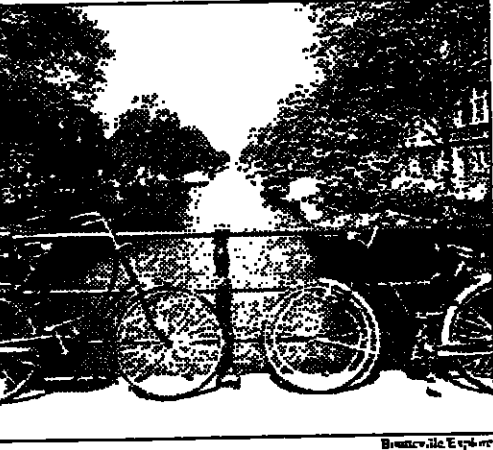
For those who want a slightly larger hotel but like the notion of living in the period houses the Dutch favor, there is the Pulitzer, also close to the heart of the city, but with 224 rooms and a more institutional feel.

The staff at the Ambassade is efficient at taking messages and making restaurant reservations as well as finding museum and train schedules, so a business traveler seeking a bit of atmosphere need not feel out of touch.

The Ambassade's rooms are \$160 a night and suites are \$210, with tax (at 2.03 guilders to \$1). My spacious room had a double bed with large, soft pillows and a thick yellow bedspread-comforter, which came in handy.

Breakfast, which is included in the room price, can be ordered through room service. It arrived punctually, and we discovered that the Dutch version of a Continental breakfast is far more ample than the French edition. Our breakfast included boiled eggs, orange juice and three different breads.

Breakfast in the Ambassade's dining room, with its gleaming lacquered white walls, is itself a treat. The glass panes of the two-story windows are meticulously



A web of canals threads through the central city.

polished, and the white and blue tablecloths are just as painstakingly ironed. The buffet offered a selection of cereals and yogurt.

There is no bar as such, but one can order drinks in the large sitting room, which has a dramatic view of the canals and is furnished with some stunning antiques, including a signed 1700s Dutch grandfather clock.

My outdated guidebook said that the Rijksmuseum was closed on Monday, but the hotel staff knew that major museums are now open seven days a week. They also quickly got the train schedule for the Hague when I made a pilgrimage to the Mauritshuis, one of the country's greatest small museums.

Umbrellas are a necessity in the Netherlands, where it rains often. A large collection sits in the lobby, and guests can use them for the day.

Though the hotel now has just 52 rooms, the owners are remodeling the 10th house, which faces the Singel canal, and will have six more rooms and a second elevator by the end of 1999. About two-thirds of the rooms face directly onto the canal, so be sure to ask and reserve well ahead. Even in rainy March, the hotel was heavily booked.

Early last year the Ambassade opened a flotation-tank and massage center down the street. Floats (\$27 for 45 minutes) and massages (\$32 for 45 minutes) are often booked in advance; reserve on arrival or earlier.

In contrast to the tranquil, cozy Ambassade, the Hotel Pulitzer, now an ITT Sheraton, bustles with three restaurants, an art gallery and a new business center

with rentals of personal computers, faxes, laser printers and mobile phones.

Like the Ambassade it is made up of a series of internally joined landmark houses that border two canals, in this case the Prinsengracht and Keizersgracht.

Many of its 224 rooms in the 24 adjacent buildings offer water views as extraordinary as those at the Ambassade, and the staff at the Pulitzer, though more hurried, attempts to be accommodating.

The Pulitzer is larger and more impersonal and more oriented to the business traveler. Because the hotel owns houses on two canals and has interconnected them, the lobby essentially runs from the entrance on the Prinsengracht through to the main restaurants, which are on the Keizersgracht. The lobby now includes a lounge that serves coffee and snacks beginning at 8 A.M.

The ordinary decor could not under-estimate the stunning views across the Prinsengracht from my fifth-floor room. Those views are particularly magical at night. Not only are the most popular bridges illuminated with tiny lights around their arches, but in the center of Amsterdam, many buildings are illuminated, too.

Although my room at the Pulitzer overlooked the water, some rooms are on the lovely interior garden and some are on an internal courtyard. The rooms on the canal and the garden cost \$278 to \$303 a night. All have data-port phones and a handful offer faxes, copiers and larger desks. The rooms on the courtyard are \$241 to \$283.

At the Pulitzer, breakfast was not included in the room price. The informal dining area overlooks a canal and a slew of shops including a flower stall where, even in the pouring rain, plants were everywhere. The \$17.75 breakfast included a buffet table with cereals, scrambled eggs, sausages and bacon.

Hotel Ambassade, 341 Herengracht, 1016 G: Amsterdam; telephone (31-20) 626-2333; fax (31-20) 624-5321.

Hotel Pulitzer, 315-331 Prinsengracht, 1016 G: Amsterdam, (31-20) 523-5235; fax (31-20) 627-6753.

With both hotels, a written confirmation is recommended.

## London: Sights for Summer City's Treasures Off Beaten Track

By Sarah Lyall  
New York Times Service

**L**ONDON — Dark, serious London opens up like a relieved flower in the summertime. The spectacular blooms and new broods of ducklings in the parks; the residents in short sleeves and flowing dresses; the young office workers enjoying after-work pints on the sidewalk at pubs — all conspire to lift the mood.

With many residents on extended vacations during July and August, Britain's capital is freed from its usual grip of gridlock and annoyed pedestrians. That means tourists are competing mostly with other tourists, and while the city's top attractions — the Tower of London and the Royal Palaces, to name two — deserve their status as required stops for visitors, it's worth taking time to wander off the beaten track.

Stroll through Hampstead Heath, which has pathways so far from the crowds that you may see nobody else at all. Visit Richmond Park, which has herds of tiny, tame deer, or investigate the myriad outdoor concerts, plays and other performances held around the city and farther afield.

Hampstead Heath is lovely and wild; Kenwood House, set on its edge, is stately and grand. Summer is marked there by a series of outdoor weekend concerts by the lake, including Tchaikovsky Classics on Aug. 1 and a Gershwin Centenary Celebration on Aug. 8. Times and ticket prices vary. For information and reservations call (44-171) 413-1443.

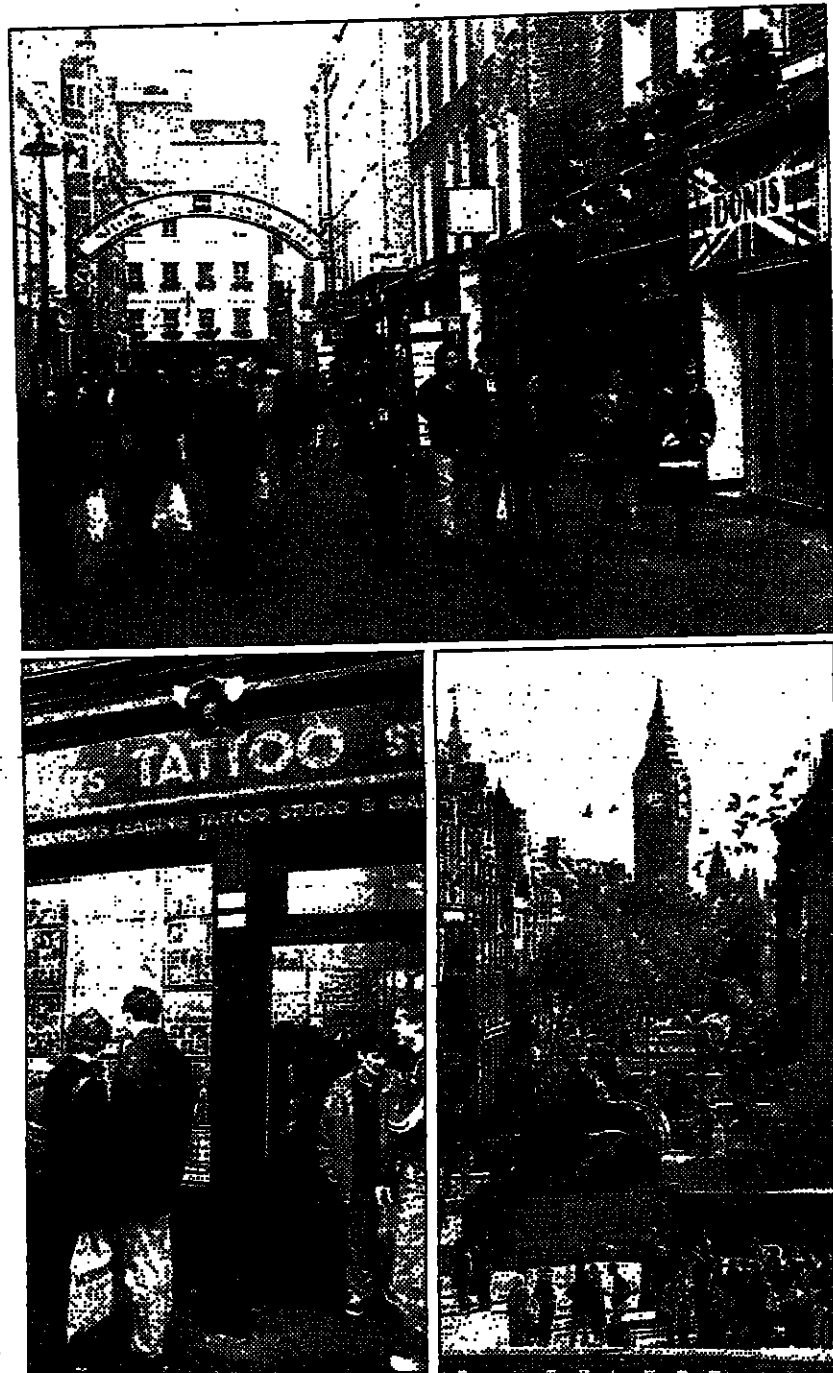
An evening at Shakespeare's Globe Theatre, painstakingly reconstructed to its 17th-century origins, allows audiences to enjoy culture as the Elizabethans experienced it. The repertory this summer includes "A Mad World, My Masters," by Thomas Middleton, and a delightful production of "As You Like It." Guided tours are offered until 12:30 P.M. The Globe is at New Globe Walk, Bankside, SE1; (44-171) 401-9919.

The Queen's Gallery, next to Buckingham Palace, has a year-round program of exhibitions of the art that the monarchy has amassed over the years. This summer's show, "The Quest for Albion," runs through Oct. 11. The Queen's Gallery features British paintings from the 1500s to the early 1900s. Among others represented are Hans Holbein the Younger, Hogarth, Reynolds and Gainsborough. Open 9:30 A.M. to 4:30 P.M. daily (last entry at 4 P.M.).

With its permanent collection of preternaturally large jewels, the Tower of London certainly deserves its status as London's top tourist attraction. Through Sept. 13, the Royal Armouries in the tower is host to "Treasures From the Moscow Kremlin," with spectacular items from the 17th and 18th centuries. Open 9 A.M. to 6 P.M. Monday to Saturday and 10 A.M. to 6 P.M. Sunday.

The Victoria and Albert Museum has just opened a gallery to show off its collection of 300,000 photographs. The first exhibition, through Nov. 8, includes a survey of photographic processes, starting with a daguerrotype made in Trafalgar Square in 1839. Photographers represented include William Henry Fox Talbot, who invented positive-negative photography; Edward Steichen; Nan Goldin; Henri Cartier-Bresson; and Irving Penn. Open Monday, noon to 5:45 P.M.; Tuesday to Sunday 10 A.M. to 5:45 P.M.

It has been decided as an instant monument to outdated architectural styles, but the new British Library at 96 Euston Road is worth visiting for its first-rate exhibitions. Among other treasures, it houses Shakespeare's First Folio of 1623; a Gutenberg Bible, prin-



Carnaby Street, top; shop on Portobello Road, left; Trafalgar Square.

ted circa 1455; Magna Carta, and original manuscripts by the likes of Jane Austen and Thomas Hardy. Other exhibits examine writing, children's literature, scientific books and the history of book production. Open Monday, Wednesday, Thursday and Friday, 9:30 A.M. to 6 P.M.; Tuesday to 8 P.M.; Saturday 9:30 A.M. to 5 P.M., and Sunday 11 A.M. to 5 P.M.

**A**S Dickens makes clear, London takes much of its character from the Thames, and there are lots of ways to navigate it. If you sail to Greenwich — a 30-minute trip — stop at the Old Royal Observatory, home of Greenwich Mean Time and the Zero Meridian. Two companies operate boats to Greenwich: Passenger Boat Services, which leaves from Westminster Pier, and Catamaran Cruises, which leaves from Charing Cross Pier.

Greenwich is a scene of high end-of-century excitement these days, as the country builds its enormous Millennium Dome on the spot where 2000 officially begins. The Old Royal Observatory, founded in 1675 by Charles II to solve the problem of how to sail the seas without getting lost, is behind the National Maritime Museum on Romney Road. Hours are 10 A.M. to 5 P.M. daily.

### A VARIETY OF RESTAURANTS

Since it opened in January, Pharmacy has become one of London's trendiest restaurants. It is partly owned by Damien Hirst, contemporary art's aging enfant terrible, and is decorated with, among other things, his medicine-cabinet installation filled with boxes of pills (to make you think about mortality). Waiters in the downstairs bar are dressed in surgeons' white coats. Appetizers include home-salted cod and aubergine caviar with balsamic dressing; as a main course, there is roast duck with white peaches and large french fries. Dinner for two, with wine, comes to about \$135. The restaurant is at 150 Notting Hill Gate, W11; (44-171) 221-2442.

The Oxo Tower, on the south bank of the Thames, has views over the city and modern British food. Dinner might include a grilled mushroom filled with snails as an appetizer and roast monkfish wrapped in Parma ham with shaved fennel and celery salad, with sautéed potatoes and aïoli as a main course. Dinner for two, including wine, comes to \$200. Oxo Tower Wharf, Barge House Street, SE1; (44-171) 803-3888.

Of all the ethnic cuisines in London, Indian is the most sophisticated and the most prevalent. The acclaimed Rasa W1, younger sibling of Rasa, a popular restaurant in North London, serves vegetarian food of the southern Indian province of Kerala, and includes extensive and mouth-watering descriptions of such dishes as *moru kachiatu*, a sweet-and-sour combination of mangoes and green bananas cooked in yogurt with chilies, ginger and fresh curry leaves. Dinner for two with wine is about \$50. The restaurant is at 6 Dering Street, W1; (44-171) 629-1346.

Villandry, 170 Great Portland Street, W1; (44-171) 631-3131, is both a restaurant and one of London's finest food shops. The menu changes twice daily; offerings might include grilled calves' liver with broad beans, grolle mushrooms, peas, bacon and shallots as a main course. Dinner for two with wine is about \$120.

In the heart of Soho, Yo! Sushi is a playful manifestation of London's love affair with Japanese food. Customers at a counter grab sushi and salads that move along a conveyor belt. Drinks are served by a little robotic cart on wheels. On average, dinner for two with wine costs \$48. Open noon to midnight daily at 52 Poland Street, W1; (44-171) 287-0443.

Londoners take their retail breaks in the Fifth Floor Café of Harvey Nichols, on Brompton Road, with its small tables, brisk turnover and magnetic effect on celebrity shoppers. The small, simple menu includes soups, smoked salmon and salads. Lunch for two with wine is about \$70. (44-171) 823-1839.

July 17, 1998



## THE FREQUENT TRAVELER

## Designs for Hotel Living

By Roger Collis  
International Herald Tribune

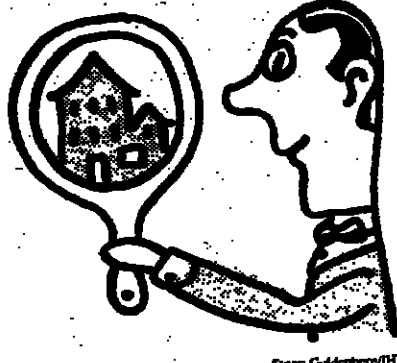
LONDON has always been well endowed with small, luxury hotels, what some people call town-house hotels, boutique hotels or baby grands, ranging from country-house classic to contemporary and often deliciously eccentric.

These are hidden gems — upholders of bygone grace and tradition. Typically, they are privately owned, independently run and quite as expensive as the Savoy, Ritz, Connaught or Claridge's. But the best of them often achieve that elusive amalgam of comfort, friendliness and efficiency that I call hospitality.

Now a new wave of "design" hotels have joined the genre — hip homes-away-from-home that are "concepts" where everything behind the Victorian and Edwardian facades, from the visual choreography of the lobby, with chairs you are likely to sit in the wrong way, to the bedside reading light and the toothbrush holder, is a tribute to the interior designer's genius. What they have in common is that they are all different. Design hotels are supposed to reflect who you are — or who you aspire to be.

"They are called 'design' hotels because they are designed to meet the needs of mainly young, affluent, image-conscious travelers who want to feel that their lifestyle is reflected by where they stay," said Nigel Massey, a London consultant. "They break all the ground rules of classic hotels: They are sensationally different, simple in design, elegant and very fashionable. They attract people from the four M's — the music, modeling and fashion, movies and media industries — creative people and executives who love these kinds of hotels. They are hip, cool, at the cutting edge of design in what they do, the cars they drive, what they wear. And hotels are merely an extension of that."

"People really started talking about design hotels around the time the Halkin opened in 1991, followed by the Metropolitan last year. They've both taken London by storm. Then you have the Malmison hotels, where they've taken landmark buildings like churches and warehouses, gutted them and created



Simon Giddings/HIT

stylish interiors behind the original facades. They've been a tremendous success."

The Halkin and the Metropolitan are the brainchild of the fashion guru Christina Ong who lives in Singapore. The Halkin, just behind Hyde Park Corner on a quiet Belgrave street, offers chic Milanese design and Italian food and a wealth of high tech. Guestroom corridors curve at a gentle angle and ceilings arch downward to meet the walls. All 41 rooms have dual-line phones, a fax machine with your personal number, VCRs, multichannel cable and satellite TV, a wall safe and a personal bar. A Teletype center gives instant access to market and news reports and there are private rooms for business meetings and secretarial services.

## HOT SPOT TO HANG OUT

The Metropolitan off Park Lane, larger with 154 rooms, has similar clean lines, with light hardwoods and marble and natural fabrics. Bedrooms are crisp and comfortable with three phone lines, U.S. and U.K. modern points, voice mail and desks you can spread out on. There's a high-tech gym with awesome stepping and rowing machines, a cafe/lounge-bar, one of the hottest places in London to hang out, and Nobu, a Michelin-starred restaurant and sushi bar serving "new-style" Japanese cuisine.

Nicholas Retie, general manager of the Halkin and the Metropolitan, said,

"Travelers in the late 1980s who looked out for small boutique hotels were getting tired of chintz fabrics, fluffy curtains and four-poster beds. They were looking for the kind of modern design they have in their homes and offices. The idea is when you travel you go for an experience. Design is important, but it has to be style that you feel comfortable with."

Light-years away from any design you could ever imagine is the Portobello, near the Portobello Road market in the heart of Notting Hill. The oldest, most eccentric design hotel in London, it has been a haven for movie people, fashion celebrities, music and media folk for nearly 26 years. It is funky and fun with just 20 bedrooms decked out with a hodgepodge of antiques and military paraphernalia and a mixture of four-posters, a ship's bunk and even a round bed specially made for Alice Cooper.

David Naylor-Leyland is owner of Dukes, a 62-room hotel tucked away in a gaslight courtyard off Piccadilly, a haven of good taste, comfort and relaxed charm. Rooms and suites are individually decorated and furnished with period furniture, objets d'art, fine paintings and porcelain, along with marble bathrooms. Bartender Gilberto Preti is said to mix the meanest martini in town.

The Egerton and Franklin are smaller versions with 30 and 47 rooms, respectively. They share a terrace of Victorian town houses overlooking a lovely tree-lined Knightsbridge square.

Ken McCullough, Scottish hotelier and founder of Malmison Hotels, said, "I think 'design' is a dangerous term; I wouldn't like to put a label on what we're doing. We started in 1994 with the idea of creating hotels that were high on style — classic contemporary would last — and good value for money — less than £100 [about \$160] a night. People love it."

Malmison has taken distinctive buildings — the Glasgow hotel was a church, Edinburgh a seaman's mission, Newcastle a quayside warehouse — and created stunning interior designs that work with the original architecture and setting. McCullough plans to open Malmison hotels in London, Milan, Rome, Paris and the United States.

THE X-FILES  
FIGHT THE FUTURE

Directed by Rob Bowman.

U.S. Conspiracy theorists, consider this: What if the hush-hush atmosphere and Internet mania surrounding the first "X-Files" feature film were part of a giant plot to hide the uneventfulness of one more summertime sci-fi fizzle? It's as possible as much of what "The X-Files: Fight the Future" has to offer. If devotees of the television series come to the film with enough baggage for a six-week safari, perhaps they can deepen the experience of watching a middling, unfocused action-adventure with brand-name appeal. But there's a catch: This film isn't tailor-made for true X-fanatics, because the material has been so broadened to accommodate the uninited. Trust no one who dreams up an action sequence in Antarctica for the big screen. No, no and you must be joking. Those are the answers to the first three questions that the prospect of an "X-Files" movie raises: Do Scully and Mulder get extracurricular while hunting for the truth? Do they solve all the series' outstanding mysteries? Will there be a sequel? The movie teasingly offers the prospect of big deceptions in the television X-plot, but all it really does is create a vague omnibus format for future movie spinoffs.

That may make it a crossover hit quicker than you can say Trek, but a lot of the show's otherworldly intensity has been lost in the process. Meanwhile, the movie may raise more questions than it meant to when it offers glimpses of alien trouble-makers. Reaching for run-of-the-mill gristly horror, it winds up attributing sophisticated global-domination plans to vicious, long-clawed spacelings who are more prone to screams than schemes. Without making much connection with the end-of-season television cliffhanger, the film



Gillian Anderson and David Duchovny in "The X-Files."

## OUT OF SIGHT

Directed by Steven Soderbergh. U.S.

What place is this? Where are we now? Well, the beautiful woman pulls a Remington 12-gauge pump out of her car trunk, jacks a shell into the chamber and collars a filthy escapee from a Florida prison camp. Unfazed by the 70-caliber bore looming before him, he strips her of the gun, dumps her in the same trunk, climbs in with her, and a co-hort drives them away. He's a career criminal: she's a U.S. marshal. Naturally he begins to flirt. Naturally, she flirts back, even as she reaches for her new SIG-Sauer .380, a gift from Dad. Where are we now? We could only be one place: in the loopy, vivid,

funny, crazed dangerous world of Elmore Leonard, whose "Out of Sight" has just made it to the screen, with George Clooney as the good-guy and Jennifer Lopez bad-guy. Note the punctuation in the qualifiers, please. That small dot between the words explains what's so fascinating about Leonard. The key to nearly everyone's character and motive is the hyphen that balances an equipoise of contradictions, the opposing values. Almost no one is pure, as in pure evil or pure good. Steven Soderbergh handles the time shifts adroitly, always keeping us on track; he goes easy on the violence, when he does unleash it, it's short, fast and ugly. He understands the dangers of guns. And he captures Leonard's trademark fascination with truly bad guys. This would be Snoopy Miller, a dead-eyed Detroit operator who uses violence more readily than necessary, but who hides it behind extravagant social graces. Don Chesdale brings real chill to this bad boy's badass. His advantage is that unlike all the others in the cast, he has no hyphens in his character; there's no opposition in him at all, only hard, cold hunger. He's as scary as they come, and his nastiness gives "Out of Sight" its special sting. The movie is good-good. (Stephen Hunter, WP)

## ARTS GUIDE

## AUSTRIA

VIENNA  
Palais Harrach, tel: (1) 525-244-03, open daily. Continuing/To Aug. 9: "Henry Moore." An exhibition of 85 sculptures and 40 drawings by the British sculptor (1898-1986).

## BELGIUM

ANTWERP  
Koninklijk Museum voor Schone Kunsten, tel: (3) 238-7800, closed Mondays. Continuing/To July 26: "Pieter Breughel le Jeune et Jan Brueghel l'Ancien: Une Famille de Peintres Flamands vers 1600." Approximately 20 works on paper and 130 paintings by the sons of Pieter Breughel the Elder.

## BRITAIN

LONDON  
Hayward Gallery, tel: (171) 928-3144, open daily. Continuing/To Aug. 31: "Bruce Nauman." Video installations, neon signs, films and drawings by the American conceptual artist (born 1941).  
www.hayward-gallery.org.uk  
National Gallery, tel: (171) 747-2885, open daily. To Oct. 11: "Venice Through Canaletto's Eyes." Paintings and drawings trace how the Italian painter (1697-1768) captures the splendor of Venice's festivals, regattas and other ceremonies.  
www.nationalgallery.org.uk

## FRANCE

PARIS  
Jardins du Palais-Royal, open 7 A.M. to 11 P.M. To Aug. 31: "Jacques Lipchitz." Sculptures by the Lithuanian-born sculptor (1891-1973) are exhibited in the 18th-century gardens.  
Musée du Louvre, tel: 01-40-20-51-51, closed Tuesdays. Continuing/To Sept. 21: "L'Apparence des Cieux: Astronomie et Astrologie en Terre d'islam." Islamic celestial spheres, astrolabs and manuscripts dating from the 10th to the 19th centuries.  
http://musee.louvre.fr

## GERMANY

COLOGNE  
Römisch-Germanisches Museum, tel: (221) 221-2304, closed

Mondays. To Aug. 23: "The New World of the Greeks: Ancient Art from Lower Italy and Sicily." 200 sculptures, bronzes, vases and pieces of architectural ornamentation, spanning 500 years of Greek colonization in Italy.

## GREECE

ATHENS  
Benaki Museum, tel: (1) 361-1617. To July 26: "From the Portraits of the Fayum to Byzantine Icons." Painted at the time of the Roman colonization, the portraits — found attached to the mummified bodies — were excavated in the Fayum area.

## ITALY

FLORENCE  
Palazzo Strozzi, tel: (55) 26-241, closed on Tuesdays. To July 26: "Caterina la Grande." Approximately 200 works from the Hermitage Museum in St. Petersburg, built under the aegis of Catherine II, Empress of Russia and patron of the arts. In the 18th century.

TURIN  
Galleria Civica d'Arte Moderna e Contemporanea, tel: (11) 582-9911, closed Mondays. To Sept. 13: "Bruce Chatwin, Photographer." Photographs by the British travel writer (1940-1989).

## JAPAN

KARUIMA  
Marugame Genichiro Inokuma Museum of Modern Art, tel: (877) 24-77-55. To July 19: "Georges Braque." A retrospective of 100 works by the French painter (1882-1963). His association with Picasso until World War I led to the development of Cubism.

TOKYO  
National Film Center, tel: (3) 3581-0523. To Aug. 15: "Brett Weston and American Photography." Brett Weston (1911-1993), is a son of Edward Weston, one of the pioneers of American photography. The show brings together a selection of his works and photographs by Imogen Cunningham, Walker Evans and Diane Arbus.

## RUSSIA

ST. PETERSBURG  
Hermitage Museum, tel: (812) 110-9825, closed Mondays. Cur-

rently exhibited: "Schliemann, Petersburg, Troy." Objects excavated by Heinrich Schliemann on the site of ancient Troy in Turkey in the 1870s. Donated to Germany by the archaeologist, the treasure, which dates back to the third millennium B.C., was brought to Moscow by Russian troops at the end of World War II.

## SINGAPORE

Asian Civilisations Museum, tel: 338-00-00, closed Mondays. Continuing/To Aug. 16: "Paintings by Zhujiang Artists of the Ming and Qing Dynasties." A glimpse into the art of the rarely shown Chinese artist Chen Hongshou. His works and those of other contemporary artists attest to the creativity of classical Chinese painters in figurative works.

Singapore Art Museum, tel: 332-3222, closed Mondays. Continuing/To Sept. 13: "The Origins of Modern Art in France, 1880-1939." Paintings and sculptures by impressionists and French Post-impressionists.

## SPAIN

MADRID  
Museo Nacional de Arte Reina Sofia, tel: (1) 467-50-52, closed Tuesdays. Continuing/To Aug. 31: "Diseno Industrial en Espana: Un Siglo de Creacion e Innovacion." Documents industrial design in Spain since the middle of the 19th century.

## SWITZERLAND

LAUSANNE  
Fondation de l'Hermitage, tel: (21) 320-50-01, closed Mondays. To Oct. 11: "Futurisme, 1902-1944: L'Italia Face a la Modernite." Giacomo Balla, Umberto Boccioni, Carlo Carrà, Luigi Russolo and Gino Severini were the main representatives of the Italian movement that started in the 1910s, the first attempt at a depiction of life being penetrated by machines and new technologies. The exhibition brings together 130 paintings, sculptures and works on paper.

## TAIWAN

TAIPEI  
Taipei Fine Art Museum, tel: (2) 25-95-76-56. To Sept. 6: "1998 Taipei Biennial: Site of Desire." Brings together the works of 30

## UNITED STATES

LOS ANGELES  
The Getty Center, tel: (310) 440-7380, closed Mondays. To Aug. 23: "Landscapes Drawings, 1500-1900." A celebration of nature in the drawings by Rembrandt, Titian, Poussin, Seurat and van Gogh.  
www.getty.edu

NEW YORK  
Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. Continuing/To Oct. 13: "Bonnard." Nearly 100 paintings by the French painter (1867-1947). His work includes landscapes, still lifes, interiors, the celebrated bath paintings of his enigmatic wife and self-portraits.  
www.moma.org  
Whitney Museum of American

Art, tel: (212) 570-3676, closed Mondays and Tuesdays. Continuing/To Aug. 30: "Unknown Terrain: The Landscapes of Andrew Wyeth." Landscapes in watercolor, tempera and brush work by the American painter (born 1917).

WASHINGTON  
National Museum of American Art, tel: (202) 633-8998, open daily. To Sept. 7: "Hockney's Grand Canyon: A Visionary View." A grid of 60 oil paintings by the British painter (born 1937). Each depiction is complete in itself and dovetails with the other paintings to form an overall view of the canyon.  
www.nmaaa.si.edu

CLOSING SOON  
ASIA  
July 18: "Roy Lichtenstein: Landscape in Chinese Style." Hong Kong

Museum of Art, Hong Kong. July 20: "The Wonders of Sanxingdui: Civilizations Rediscovered." Setagaya Art Museum, Tokyo. July 20: "Chinese Art." Shoto Museum of Art, Tokyo.

EUROPE  
July 19: "Andy Warhol: Zeichnungen, 1942-1987." Kunstmuseum, Basel, Switzerland. July 19: "James McNeil Whistler y Walter Richard Sickert." Museo de Bellas Artes, Bilbao, Spain. July 20: "Delacroix: Les Dernieres Annees, 1850-1863." Grand Palais, Paris. July 20: "Eugene Delacroix dans les Collections du Musee." Musee Conde, Chantilly, France.

MIDDLE EAST  
July 18: "Chen Zhen, Jue Chang: Fifty Shades to Each." Tel Aviv Museum, Tel Aviv.

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Madrid	800-550-0000	91-552-1111	91-552-1111
Manila	800-550-0000	02-552-1111	02-552-1111
Mexico City	800-550-0000	55-552-1111	55-552-1111
Moscow	800-550-0000	095-552-1111	095-552-1111
New York	800-550-0000	212-552-1111	212-552-1111
Paris	800-550-0000	01-552-1111	01-552-1111
San Francisco	800-550-0000	415-552-1111	415-552-1111
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## INTERNATIONAL



Festina riders, from left, Laurent Brochard, Richard Virenque and Laurent Dufaux, reacting to the suspension.

## TOUR: Festina Coach Is Suspended as Drug Investigation Goes On

Continued from Page 1

lin, where this 85th Tour began Saturday.

Roussel and the doctor, Eric Ryckert, have both denied the accusation.

Nevertheless, a drawn Leblanc said, "There are sufficiently grave conditions" to suspend Roussel's license. He might have been referring to coverage by French newspapers, which universally featured the drug case on their front pages and relegated the race results to inside pages.

Leblanc was a professional rider himself at the time of the Tour's biggest drug affair, the death in 1967 of the British rider Tom Simpson during a climb on Mont Ventoux in France.

Amphetamines were blamed when Simpson became overheated during the stage and suffered a fatal heart attack.

The Tour's last major doping scandal occurred in 1988, when the race leader, Pedro Delgado, a Spaniard, failed a drug test because he had used a masking agent for steroids.

Delgado was allowed to continue to triumph in Paris because the drug was illegal under most standards and was scheduled to be banned by the UCI a few weeks later. Leblanc, by then a journalist, took over command of the race the next year.

Four riders — the stage winner, the runner-up and two men chosen at random — are tested for drugs each day in the Tour. There have been no announced failures in this decade.

The Tour director said that he had talked by phone Thursday morning with Hein Verbruggen, the head of the cycling union, which is meeting in Havana, and that Verbruggen had been "disturbed by press coverage of the affair and the image it is giving to the Tour."

As for the nine Festina riders in the race, Leblanc repeated his stand that "nothing has been proved against them" and that therefore they were not subject to expulsion or any other penalty.

The riders include Laurent Brochard, the world road race cham-

pion, and Richard Virenque, the race's top climber the last four years and the second-ranked competitor in the last Tour.

Bruin also said that the riders faced no immediate sanctions. "Again for the time being, it has nothing to do with the riders," he said. "It has everything to do with the soigneur and some details that have come to the attention of the UCI executive committee." He would not specify the details.

The suspension, announced in Cholet as a cold drizzle fell on officials, riders and journalists before the start of the fifth stage, was controversial.

"I don't think it's fair," said Patrick Lefevre, the directeur sportif, or coach, of the Mapei team, which is ranked just below Festina in the computerized standings.

"Until a person is found guilty, he's innocent. Provisional suspension, bah. If after this he's found not guilty, is the UCI going to pay him for damage to his reputation? I don't think so."

"If he ordered the soigneur to do this, he's guilty," Lefevre continued in an interview. "But if the soigneur was trafficking in drugs and the directeur sportif didn't know about it, he's not guilty."

And in that case there's a lot of damage for nothing.

Bernard Thevenet, a television commentator and twice a winner of the Tour in the 1970s, put it this way: "It's a very delicate matter."

What's the right way to go? That's the problem. Is this enough to lift the cloud over the race? But at least the UCI has tried to do something.

Johnny Welsch, directeur sportif of the U.S. Postal Service team, said: "It's hard to figure out what's the real story. He has his legal rights but the UCI may know something we don't and that's why they acted."

Festina riders were supportive of Roussel and somewhat defiant.

Virenque, a Frenchman who is among the favorites, said at another news conference: "We're here to win the Tour de France and we'll continue to ride to do

so. We're not here to discuss doping. I'll answer questions about the stage today but not about this affair."

Neil Stephens, an Australian with Festina, was more forthcoming. "The team is pretty depressed," he said in an interview. "We've got a couple of mates involved in pretty heavy stuff and we're just trying to get on with it."

Referring to Roussel, he added: "Bruno said a couple of days ago he wanted to go to the court, he wanted to talk. He said he's got nothing to hide, he wanted to get everything out of the way."

"He said to me yesterday morning 'One of these days the coppers are going to come for me and take me away' — he was quite willing to talk."

"We're going to let justice do its bit and we're going to do our bit and try to win the Tour de France. So let's get on with it."

## Thalidomide Sale Approved for U.S.

The Associated Press

WASHINGTON — Thalidomide won Food and Drug Administration approval Thursday to come for me and take me away — he was quite willing to talk.

But the drug on U.S. production from a mountain of unsold goods and a widening trade deficit may have been enough to cause a drop in economic output, as measured by the inflation-adjusted gross domestic product in the April-to-June period. GDP is the value of all goods and services produced.

The Commerce Department will report its first estimate of second-quarter GDP on July 31. Inventory figures are among the various economic data used to calculate the estimate.

The sharp slowdown in GDP occurred despite continued strong increases in consumer spending, which has been one of the driving forces in the economic expansion that began more than seven years ago. The turmoil in Asia, including recessions throughout the region and a large increase in the value of the dollar compared with many Asian currencies,

has caused a sharp drop in U.S. exports and boosted imports from the region.

"In the first quarter, the growth we were getting was really an aberration," said James Glassman, an economist at Chase Manhattan Bank in New York. "The shock from Asia was there but we weren't feeling it," he said, because production continued to rise with goods going into inventories rather than being sold.

Earlier, many economists had estimated second-quarter GDP gains at a 2 percent to 2.5 percent rate followed by increases at a 1.5 percent to 2 percent rate in the second half of this year.

Those forecasts also included some increase in the unusually low unemployment rate in the United States. That rate rose to 4.5 percent last month from 4.3 percent in April and May. The more abrupt slowing in inventories could cause joblessness to rise more quickly, but not necessarily to a higher level than was expected earlier, analysts said. But a period of very slow growth could also hurt corporate profits and precipitate a decline in stock prices.

On Wednesday, he said the bank was planning to establish a hot line within the next few weeks for staff members to report possible irregularities.

The bank's office of professional ethics is working in collaboration with the fraud team. Mr. Wolfensohn said the bank's regular outside auditors, Deloitte & Touche LLP, also had been alerted.

The senior bank official who asked not to be named said one of the investigations involved possible misuse of a "trust fund" set up by the Japanese government to subsidize bank staff administrative expenses. Klaus Bergman, chief of media relations at the bank, declined to comment.

In Tokyo, the Asahi Shimbun reported that two Japanese employees of the World Bank were under investigation and had been placed on administrative leave, one of them resigning, according to Reuters.

Mr. Wolfensohn made a speech two years ago at the World Bank's annual meeting concerning corruption, and since then scrutiny has increased. Tips about corrupt bank officials have come from bank colleagues, government officials in countries with bank-funded projects and consultants, Mr. Malloch Brown said.

"We lend over \$20 billion a year, so the allegations have come from a wide variety of sources," he said. "We've just been much more rigorous in pursuing them and taking them out."

World Bank officials cautioned that the investigations were just beginning and that their scope was not yet clear.

In the lawsuit against Mr. Rodriguez, the amount of money cited — a \$434,000 contract — was relatively small. Mr. Rodriguez was a principal sanitary engineer at the bank whose duties included oversight of contracts and projects relating to water utilities in Algeria.

Bank officials declined to comment on the pending case.

But John de Chastelain, head of the independent commission on decommissioning, cautioned against expectations during the summer.

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## Israelis to Meet With Palestinians

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu said Thursday that he expected his defense minister, Yitzhak Mordechai, to meet a Palestinian negotiator, perhaps even right away, to try and reach a peace breakthrough.

The Palestinians also said they were ready "in principle" to meet with the Israelis.

"There's general agreement, certainly on our part, that it's time to engage the Palestinians directly," Mr. Netanyahu said in an interview. "I assume the first meeting will be with Mr. Mordechai, the defense minister."

The United States, the main broker in Middle East peace talks, said this week that Israel and the Palestinians would resume direct talks after Yasser Arafat,

the Palestinian chief, returned home from a trip to China. He came back Thursday.

"We haven't set a date as of yet, but from our point of view it can be right away," Mr. Netanyahu said. "We want to engage in a real effort to close this agreement."

Washington has been trying to break a 16-month-old deadlock by getting the two sides to agree that Israel would hand over another 13 percent of West Bank land in return for Palestinian security commitments.

Mr. Netanyahu shrugged off criticism of himself from the Arab world, the West and at home, saying: "I don't care if I am maligned or demonized and so on, because I was elected to do the right thing."

"We want life, we want security, we

want a real peace," he added.

The Israeli leader declined to predict how long it would take for Israel and the Palestinians to reach an accord or whether it could be completed in time for a parliamentary recess near the end of July, as some had predicted.

Asked who Mr. Mordechai would meet, Mr. Netanyahu said it could be Abu Mazen, a Palestinian official. Mr. Arafat or someone else.

Mr. Netanyahu said Palestinians still had to show clear evidence that they were fighting "terrorism" and that they had fulfilled a promise to annul their covenant calling for Israel's destruction.

Mr. Arafat's adviser, Nabil Abu Rdainah said, "In principle we are ready for meetings that are based on Israel's agreement on the American initiative."

## ECONOMY: U.S. Industrial Production in June Drops Sharply

Continued from Page 1

with a record increase in stocks of unsold goods that accounted for nearly one-third of the first quarter's growth.

The inventories report confirmed the slowdown and indicated it was more abrupt than expected. As its impact spreads, analysts said, job creation will slow, the unemployment rate will rise and interest rates may decline. A slower economy also could further restrain growth in corporate profits, which have already been easing off a double-digit pace.

For the moment, there is little indication of an impact on employment. Indeed, first-time claims for unemployment compensation plummeted by 58,000 in a week that "showed no obvious impact from the strike" against GM, the Labor Department said Thursday.

Government figures showed a seasonally adjusted fall in claims to 336,000 for the week ended July 11 compared with 394,000 for the previous week. Wall Street economists had forecast 364,000 new applications, according to Reuters.

None of the analysts said a recession is at hand, and all of them expect a resumption of stronger growth after a period of several quarters in which the economy regains its balance. Meanwhile, a period of slower growth should reduce the concern of Federal Reserve officials who have been worried that the nation's extremely tight labor markets would sooner or later cause inflation to accelerate.

But the drag on U.S. production from a mountain of unsold goods and a widening trade deficit may have been enough to cause a drop in economic output, as measured by the inflation-adjusted gross domestic product in the April-to-June period. GDP is the value of all goods and services produced.

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## DISSENT: Open Letter Challenges Chinese Authorities to Release Those Who Tried to Register a New Party

Continued from Page 1

domestic human rights monitoring bulletin, to dissidents and journalists in China over the last year, despite having his equipment seized by police. "One more time wouldn't matter one bit."

Mr. Qin said that China's constitution protects a wide array of rights, and that the authorities should abide by it, not the laws they have written that contradict the constitution.

"In China today, the laws are in conflict with the spirit of the constitution," Mr. Qin said. "For example, the constitution says there is freedom of speech, freedom of assembly, freedom of association. Freedom of association includes creating parties. The citizens must have the right to freely form parties."

But Chinese law presents dissidents with a dilemma. It is illegal to form a political party without registering it, but the law provides no procedures for registering a new political party.

In addition to the petition campaign, the signatories have also begun organizing activities beyond the symbolic show of support.

One of the signatories, Wang Peijian, studied law at Beijing University, where Wang Youcai, one of the arrested founders of the China Democratic Party, went to graduate school. He has helped Mr. Wang's wife find two lawyers, also through the network of Beijing Uni-

versity alumni, to represent him, after being turned away by several prominent lawyers who said they were "too busy" to take the sensitive case. Mr. Wang said helping to find a lawyer is legal in China, as was attempting to register a new political party.

"Their activities were beyond reproach, and didn't violate the law," Mr. Wang said.

Hu Jiangxia, wife of the party founder,

Wang Youcai, said she has been getting many calls offering financial and legal support since her husband's arrest. For now, she said she will try to handle the financial burden on her own, although several of the other men who were arrested are from poorer families.

"For some problems, if I can handle them on my own, I'll try to do it," she said. "On others, like finding a lawyer, the results will be better with help."

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## SMUGGLE: Beijing Drive Aims at Party and Military Leaders

Continued from Page 1

blocked investigations.

As with any national campaign, there may be several political elements at work. Yet decision-making in China remains so opaque that it is impossible to know if the driving force behind this

campaign is Mr. Jiang's desire to flex his muscles over the military, or to buttress his reputation as a corruption-fighter.

There may also be financial concerns. Prime Minister Zhu Rongji argued that it was necessary to reverse the drastic drop in tax collection at a time when the government is undertaking a massive

spending program to spur economic growth.

"Carrying out the anti-smuggling struggle throughout the whole country with the speed of lightning is related to achieving this year's economic growth target," Mr. Zhu told the meeting.

Increasingly rampant smuggling activities have already caused serious harm to many aspects of China's economy, society and politics.

Mr. Zhu claimed that all party and government offices and law enforcement agencies would be required to cut ties with affiliate companies in an effort to root out official protection of smuggling.

Yet in China's complex morass of companies that are owned and partly owned by the government, that will be a gargantuan task.

Fines and proceeds from confiscated goods, Mr. Zhu said, will be divided in a formula: 50 percent will be used to equip anti-smuggling police and as rewards to individuals and departments who help, 20 percent will fund anti-smuggling efforts by provincial governments, and the remaining 30 percent will be absorbed by the central government.

Oddly, a People's Daily account of the meeting specified the attendance of leaders of the Xinjiang Production and Construction Military Group, the only organization to be named. Xinjiang, a vast area in China's northwest that borders Russia and Kazakhstan, is a center for smuggling, and mentioning the paramilitary group suggested that it plays a role in smuggling itself.

Diesel oil has been flowing into China from Asian refineries since Beijing implemented a ban on legal imports in February.

Smuggled oil is much cheaper than domestically produced oil, whose price is set artificially high by the government, and illegal sales have severely hurt domestic refineries.



GOING HOME — British soldiers from the First Battalion of the King's Regiment boarding a plane on Thursday, leaving Northern Ireland after helping the local police during the recent disorders.

## Britain Welcomes 'Signals' by IRA On Yielding Guns

Reuters

LONDON — Britain welcomed Thursday what it called "signals" that the Irish Republican Army was close to giving up some of its weapons as part of the Northern Ireland settlement.

But a spokesman for Prime Minister Tony Blair denied newspaper reports that said arrangements for a handover had already been made.

"There have been signals that we welcome," he said when asked about the IRA. "There are signals that they are aware of the importance of decommissioning."

"They accept it is part of the agreement. How it will happen is not yet clear. It is wrong to say venues have been identified."

The agreement reached between Northern Ireland's main political parties in April stated that guerrilla groups should give up their weapons in exchange for freeing prisoners.

The British and Irish governments hope the agreement will end 30 years of violence in Northern Ireland between pro-British Protestants and Catholic nationalists, who want to be ruled by Dublin.

The Express newspaper said on Thursday there was a growing belief that the IRA would hand over a quantity of guns and bombs before the Northern Ireland assembly meets in September to begin selecting the 10-man executive.

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See our International Franchises every Wednesday in The Intermarket



# U.S. Banks Pad Their Assets in a Rush to Lend

By Timothy L. O'Brien  
New York Times Service

**NEW YORK** — Last year, Chase Manhattan, the largest U.S. bank, lent about \$890 million to an Australian utility, row Yang B. Typically, to avoid putting too many eggs in one basket, banks try to get other banks to assume part of the risk by taking portions of big loans.

But Chase gave Loy Yang such generous terms — a maturity of at least 15 years and a rock-bottom interest rate — that it found few takers. And now, with the Australian economy squeezed by Asia's financial crisis, most of the Loy Yang loan is gathering dust on Chase's books.

Neither Chase nor Loy Yang said the loan was troubled. Chase said it was saddled with few loans that it had been

unable to divvy up with other banks and that it had ample resources to protect it from loan losses.

But bountiful lending like this, whether to overseas customers, builders in booming hotel markets like Las Vegas or nuts-and-bolts operators like heavy manufacturers, still gives some bankers and U.S. regulators the jitters. They have criticized free-wheeling practices in certain markets, including the trillion-dollar business of splitting up big loans, a business known as syndicated lending that is dominated by Chase, Citicorp, J.P. Morgan, BankAmerica, NationsBank and other big banks.

The main concern is that American banks are lending too freely, either to rack up one-time fees or to generate other business.

Banks can do all sorts of things to keep the lending mill churning. They

can lend at artificially low interest rates, perhaps too low to reward them for their risks, and they can stretch out repayment schedules, leaving themselves exposed to unforeseen economic turmoil. In addition, covenants — the standards borrowers must meet to avoid having the bank demand repayment — can be loosened or ignored entirely.

Some liken the zealotry to the heady days of the 1980s, when banks chased real-estate loans with all the determination and earnestness of lemmings.

"Instead of getting better, it just gets crazier and crazier," said Richard Kovacevich, chief executive of Norwest Corp., a big Minneapolis bank. "The basics of banking are just being filtered away in order to grow."

John Medlin, former chairman of Wachovia Corp., a bank in Winston-

Salem, North Carolina, said in a December speech that lending practices were the worst he had seen in nearly four decades.

A letter the Federal Reserve sent to banks on June 23 offered a rare glimpse into how some banks now do business. The Fed, while noting that there is still little evidence that problem loans are on the rise, said it was concerned that lending standards were slipping, presenting dangers should the economy stall and borrowers have trouble paying what they owe.

The Fed said that only 20 to 30 percent of several hundred loans it reviewed earlier this year had been thoroughly screened by banks to see how well they would hold up during a slump.

"That's absolutely a startling num-

See LENDERS, Page 17

## Thinking Ahead / Commentary

### Bailing Out Russia for Nuclear Reasons: That's Good

By Reginald Dale  
International Herald Tribune

**WASHINGTON** — "They only got the money because they've got the nukes." So say some of the more cynical critics of this week's deal in which Moscow is to be lent billions more dollars by the international financial community — and they are basically right.

What is wrong is to suppose that the fact that Russia is a major and potentially unstable nuclear power is somehow a bad reason for bailing it out. The truth is that it is the best reason for doing so.

If the bailout were purely a matter of economics, it would make much less sense. Other, less important countries have faced the same risk of precipitous currency devaluation and hyperinflation that Russia does today and have survived without the world rushing to their aid.

In Russia's case, however, the United States and its allies are not going to sit idly by when a looming economic and financial crisis appears to threaten the country's entire future as a free-market democracy. And they are right. Even if the risk of social and political

upheaval is exaggerated, it is not a risk worth taking.

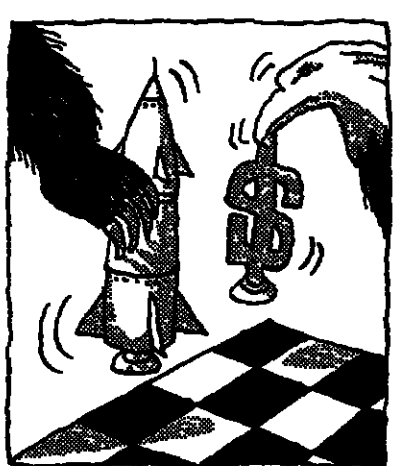
Ultimately, the decision to rescue Russia again must be — and was — made on political and strategic grounds.

It is not in the world's or America's interest to risk Moscow's intercontinental ballistic missiles falling into the wrong hands or a broken and embittered Russia again becoming a threat to its neighbors.

The result is another spectacular refutation of those who claim that untrammeled, American-style, free-market ideology reigns supreme in the era of economic globalization. On the contrary — as with the earlier bailout of Mexico, and now with South Korea, Indonesia and Thailand — the aim of the Russian rescue operation is precisely to impede the free play of market forces.

If obedience to the gods of the market were the only consideration, Russia would be left alone to sink or swim. A huge drop in the value of the ruble would not only be tolerated, but positively welcomed as a sign that the laws of supply and demand were working properly.

With no official funds available, the Russians would have to choose be-



tween either poverty and chaos or submission to the demands of private investors. Those would undoubtedly be far more rigorous, and much harder to evade, than the conditions for the latest bailout set by the International Monetary Fund.

Of course, the Russians, and the financial markets, can be pretty sure that that is not going to happen. Which means that the Russians are not going to feel too constrained by the IMF's insistence on budgetary austerity and

economic reforms.

As the world's greatest chess masters, the Russians know how to play the game. If they do a little to meet the IMF's conditions, and promise a lot, the money will keep coming. If the flow is sometimes interrupted by show the Fund's disapproval, as it has been in the past, they know the right moves to make to get it to resume.

But Russia is still nowhere near enacting the far-reaching reforms necessary to lay the foundations for a successful market economy, which include establishing the rule of law and bringing criminality and corruption under control. It is not even certain that President Boris Yeltsin or the Communist-dominated lower house of Parliament, the Duma, understands the need to do so.

The best hope is that the bailout stabilizes the situation long enough for the new, reformist-inclined government under Sergei Kiriyenko to embark on serious change. There can be no guarantee that will happen. But it is still worth putting up a good few billion dollars to reduce the danger that Russia might revert to rogue-state status, nukes and all.

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# Report Says GM Lags Behind Rivals in Productivity

By Warren Brown  
Washington Post Service

**DETROIT** — General Motors Corp. is suffering through its worst strike in nearly three decades because it says it must win increased productivity from its workers. A new report provided fresh ammunition for the company's case by showing how far the biggest U.S. automaker trails its North American rivals.

GM loses an average of \$104 per vehicle on every car and truck it produces in North America, compared with an average of \$1,520 earned by Ford Motor Co. and \$1,336 earned by Chrysler Corp., according to an annual report published Wednesday by Harbour and Associates Inc., an independent management consulting and automotive research firm in Troy, Michigan.

Looked at another way, GM would have to cut its annual labor and benefit costs by an average of \$4,439 per vehicle to match North America's most efficient producer, Nissan Motor Co. in Smyrna, Tennessee. GM also would have to eliminate 54,915 workers from its production payrolls, according to the Harbour report.

The Harbour report is anxiously awaited every year by auto industry executives who want to see how their companies stack up against rivals in the crucial North American market. GM officials made little effort to put a gloss on the report, acknowledging that it shows the company needs to improve its performance.

Ford executives were ecstatic with the report, handing out laudatory press releases at a news conference Thursday.



A worker closing a ramp at a functioning GM plant in Oshawa, Canada.

The report showed that their company beat the domestic competition in 1997 assembly plant productivity, posting four of the top 10 car assembly plants and eight of the top 10 truck assembly plants.

Still, while the other Big Three automakers are more efficient than GM, they also fared poorly compared with Nissan. The report said Ford would have to reduce its average costs per vehicle by \$1,332 and eliminate 16,478 "excess workers" to become competitive with Nissan on a manufacturing basis; and it said Chrysler would have to trim \$2,064

in costs per vehicle and scrap 25,527 jobs.

"Who is losing here?" asked Ron Harbour, president of Harbour and Associates. "GM is losing and the UAW is losing. The American people are losing." He said the majority of workers at U.S. plants owned by Nissan, Toyota Motor Corp. and Honda Motor Co. are Americans, but not members of the United Auto Workers union.

The GM strike began when workers walked off their jobs June 5. The United Auto Workers union said the company

has failed to honor promises to invest more in the plant; the company said it will not make more investment unless work rules are changed.

According to Mr. Harbour, GM's stamping production rate per worker — pieces per worker — is the lowest in North America at 174 pieces per worker, compared with 215 at Ford, 238 at Chrysler, 228 at Nissan, and 467 at Toyota's manufacturing facility in Georgetown, Kentucky.

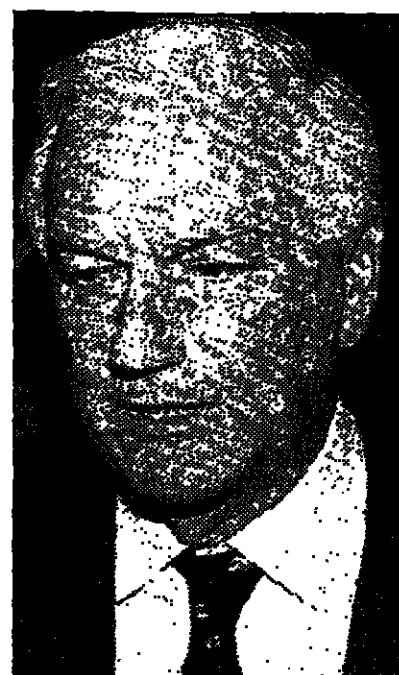
Responding to the report, a union official who asked not to be identified said: "GM has been cutting and cutting for years. We keep making improvement after improvement in productivity and efficiency. But it isn't matched by GM in terms of better equipment and better designs. That is why we are on strike, because we cannot improve productivity and sales by ourselves."

Union officials also noted that although Nissan may be the most efficient automaker, its cars are some of the lowest-selling in North America. Nissan's sales have fallen about 25 percent in the first half of this year compared with the same period last year.

**Strike Vote Planned at Saturn**

Factory workers at Saturn, a unit of GM, plans to vote Sunday on whether to give their union leaders permission to call a strike against the parent company, the Associated Press reported from Spring Hill, Tennessee.

The move comes four months after the Tennessee plant workers voted to keep a unique contract with GM. But fears of job cuts and growing differences over pay arrangements have changed the view of union leaders.



Paolo Fresco, who is preparing to take over as chairman of Fiat SpA.



Heinrich von Pierer, chief executive at Siemens, in 1996 photo.

## European Carmakers Gear Up for Change

### American Style Comes to Fiat

By Alan Friedman  
International Herald Tribune

**TURIN** — The incoming chairman of Fiat SpA, in his first meeting with the press, offered a preview Thursday of what appears to be an unusually American corporate style for the biggest private-sector company in Italy.

Paolo Fresco, the vice chairman of General Electric Co. of the United States who was named last month to succeed Cesare Romiti as Fiat's supremo, stressed repeatedly his belief in openness, in creating value and in protecting the interests not just of the Agnelli family, the largest Fiat shareholder, but also of minority shareholders.

"Transparency," Mr. Fresco said, "is the only way I know how to work, and I have had a clear signal from the main shareholder that my mandate is to serve all shareholders."

Mr. Fresco also warned that European industry had not yet seen "the full consequences of the Asian crisis." The European automobile sector will face a form of "dumping" as Asian car makers export their way out of recession on the back of devalued currencies, he said, singling out manufacturers in countries such as South Korea and Thailand.

Mr. Fresco stressed that aside from such competition, Fiat would also have to weather the economic shock waves of the Asian crisis in some of its key emerging markets, such as Brazil and Russia.

"Taken together," Mr. Fresco said, "this presents a very difficult situation."

"In my view, European and U.S. companies will suffer greatly and this worries me very much."

Although Mr. Fresco, 65, said he was less concerned about Fiat's activities in India, which he termed "the least affected market in Asia," he conceded that "the crisis in Brazil, because of repercussions from Asia, is proving lower than expected." And the turmoil in Russia, a key target market for Fiat, means that "we will have to evaluate the pace of our investments there, and we will see if we lose one or two years in Russia because of the crisis."

The new Fiat chief, who will take over full-time in October, meanwhile acknowledged that the end of Italian government incentives for car buyers on July 31 would affect the company's domestic car sales. "We should expect a drop in orders," he said.

Mr. Fresco also conceded that he was not impressed by Fiat's low profit margins in its core car business, but he

### Siemens Plans To Restructure

By John Schmid  
International Herald Tribune

**FRANKFURT** — Promises of a new corporate culture and a "rigorous pruning" of problem businesses at tradition-bound Siemens AG sent the company's shares surging 18 percent Thursday.

Long seen as a lumbering corporate elephant unwilling to undergo the sort of radical restructuring that has rescued other major German companies in recent years, Siemens is now braced for a "fundamental turnaround," said Chief Executive Heinrich von Pierer. Investors have frequently have criticized Mr. von Pierer for his inability to reorganize the sprawling conglomerate that is Germany's biggest non-government employer.

The shares, which have lagged the overall German market rally by 40 percent this year, gained 19.40 Deutsche marks in a single day to close at a record 130 DM (\$72.24).

Mr. von Pierer's remarks helped investors push aside disappointing nine-month results. Siemens posted a profit of 1.78 billion DM in the nine months to June 30. While that was up 5 percent from a year ago, it was well short of the 15 percent to 20 percent increase the company had led investors to expect at the start of the year.

In a profit warning, Mr. von Pierer conceded that Siemens will fail to meet its earnings target for the financial year that ends Sept. 30. Instead of a full-year net profit of 3 billion DM, as originally forecast, the company now expects to improve only modestly on last year's 2.49 billion DM result.

"I am completely dissatisfied with our earnings," Mr. von Pierer said.

Because Siemens competes in such rapidly changing sectors as computers and communications, analysts say the company's tardiness to adapt amounts to a serious setback that Mr. von Pierer must now belatedly address.

"Siemens was one of the great exceptions in the hard-core restructuring of German industry," said Juergen Roethig, analyst in Frankfurt at the B. Metzler & Co. Bank. "One had the impression that management did not understand that the company had businesses that needed to be restructured all the time."

Investors were betting Thursday that Germany's third-largest industrial group finally recognized the need to adapt to the global economy. But analysts warned that the process would be slow.

"Von Pierer is about as much of an establishment German industrialist as you can find," said Mark Davies Jones, an analyst in London at Salomon Smith Barney. "He is not one to rock the boat."

Management's biggest stumbling block, Mr. Jones said, is the company's massive payroll of nearly 200,000 in Germany and over 400,000 worldwide, which has formed a lobby of internal resistance to change. "It is clearly extremely controversial to restructure quickly," Mr. Jones said.

But Mr. von Pierer outlined a 10-point restructuring program on Thursday that includes selling off problem businesses or floating them on the stock exchange. The plan comes a day after Siemens announced it would sell its power cable operations to Pirelli SpA of Italy for 500 million DM.

The company also said it would open its books for the first time to scrutiny with a switch to conform to transparent U.S.-style accounting principles. That would clear the way for the company to list its shares on the New York Stock Exchange.

The company was blunt in its assessment of its shortcomings: It has "acute difficulties" in its operations in semiconductor, power-station construction, transportation technology and its mobile phone and retail communications units.

Some analysts remained skeptical that Siemens could adapt quickly enough without a change of management.

See FIAT, Page 17

## CURRENCY & INTEREST RATES

July 16									
Cross-Rates	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
Australia	0.69	0.62	0.51	0.007	0.48	0.40	0.000	0.000	0.000
Canada	0.71	0.64	0.52	0.007	0.50	0.41	0.000	0.000	0.000
France	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Germany	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Italy	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Japan	0.007	0.006	0.005	0.000	0.000	0.000	0.000	0.000	0.000
South Africa	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Switzerland	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
UK	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
US Dollar	1.00	0.94	0.76	0.009	0.75	0.62	0.000	0.000	0.000
Other Dollar Values									
Canada	0.71	0.64	0.52	0.007	0.50	0.41	0.000	0.000	0.000
France	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Germany	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Italy	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Japan	0.007	0.006	0.005	0.000	0.000	0.000	0.000	0.000	0.000
South Africa	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Switzerland	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
UK	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
US Dollar	1.00	0.94	0.76	0.009	0.75	0.62	0.000	0.000	0.000
Forward Rates									
Canada	0.71	0.64	0.52	0.007	0.50	0.41	0.000	0.000	0.000
France	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Germany	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Italy	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
Japan	0.007	0.006	0.005	0.000	0.000	0.000	0.000	0.000	0.000
South Africa	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Switzerland	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
UK	0.66	0.60	0.49	0.007	0.46	0.38	0.000	0.000	0.000
US Dollar	1.00	0.94	0.76	0.009	0.75	0.62	0.000	0.000	0.000

## Shell Halts Peru Gas Project

Firm Says Government's Terms Leave Plan Unprofitable

**LIMA** — The Royal Dutch/Shell Group and Mobil Corp. have pulled out of Peru's \$3 billion Camisea natural-gas project, saying government conditions made the jungle project unprofitable.

The unexpected decision is a setback for Peru, because Camisea was hailed as the largest foreign investment project in the country's history.

Wednesday was the deadline for Shell and Mobil — two of the world's biggest energy companies — to reach a final decision on the project. The two companies, which signed the Camisea license agreement in 1996 and had been studying it ever since, had already invested \$250 million in the project.

Last week, President Alberto Fujimori of Peru — who once referred to the Camisea accord as "the contract of the century" — said he expected Shell and Mobil to go ahead with the project despite disagreements.

An analyst at Peru's largest bank,

Banco de Credito, said: "The effects of this will be felt everywhere — in the stock market, foreign exchange and the economy in general."

For months, Shell and Mobil had pressed the government to give them gas distribution rights and lift pricing restrictions in the original contract. They contended both were needed to make the project profitable.

The government, however, stood its ground, arguing it wanted to avoid creation of an extraction-to-distribution monopoly in Peru's gas industry as well as high market-set gas prices.

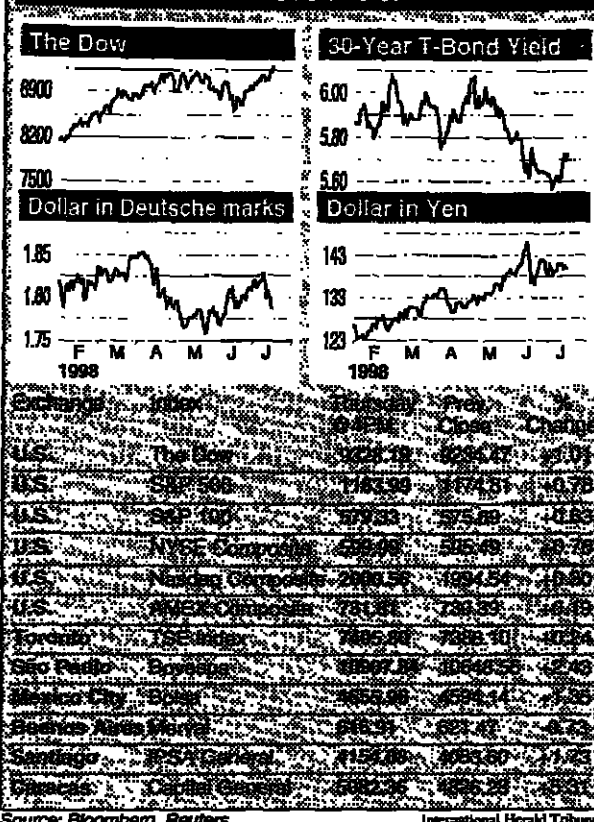
For Shell, which spends more than \$15 billion a year on capital investment, the Camisea project was one of a number of large long-term projects on the drawing board.

Tony Alves, an analyst with Henderson Crosthwaite, said that the Peru project represented less than 5 percent of Shell's goal to boost gas output to 12 billion cubic feet of gas a day by 2001 from 8 billion cubic feet in 1996.



## THE AMERICAS

## Investor's America



Source: Bloomberg, Reuters

## Very briefly:

- The New York Times said second-quarter earnings rose 16.8 percent to \$78.2 million from a year ago as revenue climbed 3.8 percent to \$749.2 million. Including special items and charges, however, net income fell 11.6 percent. The New York Times is part owner of the International Herald Tribune.
- Tropicana Products Inc., a unit of Seagram Co., plans to raise as much as \$2.86 billion in an initial offering that values it at up to 25 percent less than the chairman of Seagram, Edgar Bronfman Jr., had predicted. Tropicana will sell 124.5 million shares, 95 percent of its common stock, at \$21 to \$23 each.
- Silicon Valley Group Inc., a maker of equipment for the semiconductor industry, plans to dismiss 711 employees.
- Amazon.com Inc. hired Jimmy Wright, a former Wal-Mart Stores Inc. executive, as chief logistics officer.
- Two former executives of California Micro Devices — Chan Desai and former chairman and chief executive, and Steven J. Henke, former president, treasurer and chief financial officer, face up to 13 years in prison after being convicted of securities fraud.

NYT, AP, Bloomberg, Reuters

## The Trib Index

	Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index		207.00	+1.45	+0.71	+20.27
Regional Indices					
Asia/Pacific		87.42	+1.19	+1.38	-9.00
Europe		248.02	+1.16	+0.47	+25.90
N. America		268.25	+2.08	+0.78	+24.20
S. America		141.14	+1.54	+1.10	-7.55
Industrial Indices					
Capital goods		272.21	+2.70	+1.00	+31.78
Consumer goods		242.32	+1.97	+0.82	+15.54
Energy		208.94	+0.85	+0.41	+7.17
Finance		153.48	+0.64	+0.42	+24.82
Miscellaneous		184.05	+2.22	+1.37	+9.45
Raw Materials		206.03	-0.58	-0.28	+23.19
Service		219.27	+1.92	+0.88	+25.79
Utilities		177.01	+2.49	+1.43	+6.08

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News

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## AMEX

**Thursday's 4 P.M. Close**

The 200 most traded stocks in the day, up to the closing on Wall Street.

The Associated Press

Stock	Sales	High	Low	Latest	Chg
AT&T	148	17 1/8	17 1/8	17 1/8	0
IBM	127	10 1/8	10 1/8	10 1/8	0
Microsoft	118	29 1/4	29 1/4	29 1/4	0
Oracle	118	29 1/4	29 1/4	29 1/4	0
Amazon.com	118	29 1/4	29 1/4	29 1/4	0
Wal-Mart	118	29 1/4	29 1/4	29 1/4	0
Home Depot	118	29 1/4	29 1/4	29 1/4	0
Target	118	29 1/4	29 1/4	29 1/4	0
Walmart	118	29 1/4	29 1/4	29 1/4	0
Costco	118	29 1/4	29 1/4	29 1/4	0
Kroger	118	29 1/4	29 1/4	29 1/4	0
Albert Heijn	118	29 1/4	29 1/4	29 1/4	0
Carrefour	118	29 1/4	29 1/4	29 1/4	0
Concession	118	29 1/4	29 1/4	29 1/4	0
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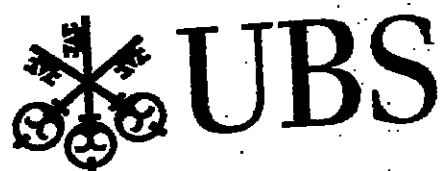


# For a bank to help its clients take advantage of change, it must change itself.

Union Bank of Switzerland and Swiss Bank Corporation have joined to form a bank with assets under management of more than USD 1000 billion, ranking among the top financial services firms in

the world. In a fast-changing world, now we can better help our clients seize the opportunities that change presents.

Welcome to the new UBS AG.





## EUROPE

## Sales Tax, Key to Moscow Rescue, Is Passed

Compiled by Our Staff From Dispatches

MOSCOW — Russia's lower house of Parliament approved a key element of the government's economic crisis package last Thursday, approving on third reading a sales tax that would raise \$6.5 billion for depleted public coffers.

Deputies in the State Duma voted by 243 in favor to 92 against, with three abstaining for the tax, which Parliament had already twice rejected in a blow to government hopes of forcing its emergency package through.

Parliament also voted to extend its extraordinary session through Thursday evening until it has considered all outstanding elements in the crisis package, which the government must enact to secure payout on a \$22.6 billion rescue deal led by the IMF.

The passage of the sales tax is a key condition for the loans. The IMF has said it will approve the loans at a board meeting Monday if the Duma approved the government program.

Under the new sales tax law, regions can impose a sales tax of up to

5 percent on sales. The Duma amended the government's proposal to say the tax would apply only to luxury items, such as compact disk players, video recorders and imported furniture.

"This is an indirect tax that won't have an effect on industry," said Alexander Zhukov, head of the Duma's budget committee.

"This is a tax on consumers — those who use more will pay more."

Forty percent of revenues received will go to regional budgets and 60 percent to local authority budgets.

The government is counting on accruing some 40.4 billion rubles (\$6.5 billion) from the new tax for

depleted regional finances. Earlier in the day, Parliament also approved on first reading another key element of the government's tax reform, an overhaul of personal income tax including the scrapping of exemptions, expected to bring in another 18.3 billion rubles.

The Duma also approved in the final reading a single tax on small business, which is expected to increase tax collection and stem tax evasion by small businesses by simplifying filing procedures.

The Duma is scheduled to start a monthlong recess after Thursday's session. President Boris Yeltsin has said he may decree any pieces of the program that the Duma fails to pass. (AFP, Bloomberg)

## German Growth Easing; Asia Effect Is Subdued

Compiled by Our Staff From Dispatches

FRANKFURT — Economic growth in Germany has shown signs of cooling in the second quarter after a boom at the start of the year, the central bank said Thursday, while inflation has remained absent.

German manufacturing orders, output and domestic demand stagnated in April and May after strong growth in the first quarter of 1998, the Bundesbank said in its monthly report. Still, the Asian crisis has had only a limited impact on the pace of German expansion, offset by stronger demand elsewhere.

Manufacturing orders in April and May were up only slightly compared with the first three months, when they were bolstered in part by a string of large orders, the bank said.

But orders remained up sharply from a year earlier. In April and May together, they were up almost 5.5 percent year-on-year, compared with growth of about 7.7 percent in the first quarter.

Germany's overall exports have suffered very little because of the Asian crisis amid stronger demand for German products within Europe, the central bank said.

Although exports to Southeast Asia fell about 9.5 percent last year and then dropped about 6 percent in the first quarter of 1998 on a seasonally adjusted basis, this was more than offset by increased demand in Europe. The percentage of German exports going to Southeast Asia fell by a full percentage point, to 4.5 percent in spring 1998 from 5.5 percent in summer 1997, the Bundesbank said.

Consumer prices have "clearly calmed" the central bank said. In June, consumer prices rose 0.1 percent from the previous month and 1.2 percent from a year earlier, close to a 10-year low.

Furthermore, the labor market situation has "brightened," the bank said, with unemployment in June below 4.3 million people, about 250,000 below the level of December 1997.

(Bloomberg, Reuters)

## C&amp;W Will Market New Shares To Cover Cost of MCI Internet

Compiled by Our Staff From Dispatches

LONDON — Cable & Wireless PLC said Thursday it would sell new shares to raise \$887 million (\$1.5 billion) after expenses to pay for most of its acquisition of MCI Communications Corp.'s Internet business.

The purchase for \$1.75 billion in cash was cleared Wednesday after the U.S. Justice Department approved WorldCom Inc.'s acquisition.

C&W plans to sell 112 million shares at 800 pence, representing 5 percent of its total shares.

The purchase, which C&W said would be "slightly earnings dilutive" for the first 18 months and earnings enhancing thereafter, will make the company the world's second-biggest Internet carrier after WorldCom Inc.

It will also establish it in the U.S. market with \$375 million expected in sales this year, 1,300 wholesale customers that resell Internet ser-

vices to others and 3,300 corporate customers that use MCI for direct Internet access.

"The price looks pretty good; it looks like a fairly normal price for an Internet business," said Mark Lambert, an analyst at Merrill Lynch, backing C&W's claim that it paid a "fair" price for MCI's Internet business.

C&W said it paid 2.7 times revenues compared with the average three to six times revenues other companies have paid for Internet properties.

C&W shares fell from 836p to 814p.

"The Internet is the future of communications," said Richard Brown, chief executive of C&W.

The \$1.75 billion acquisition has turned Cable & Wireless into a top U.S. Internet player overnight, but market attention was turning already on Thursday to British Telecom's PLC's trans-Atlantic plans. (Bloomberg, Reuters)

## Charge Cuts Volvo Profit

Compiled by Our Staff From Dispatches

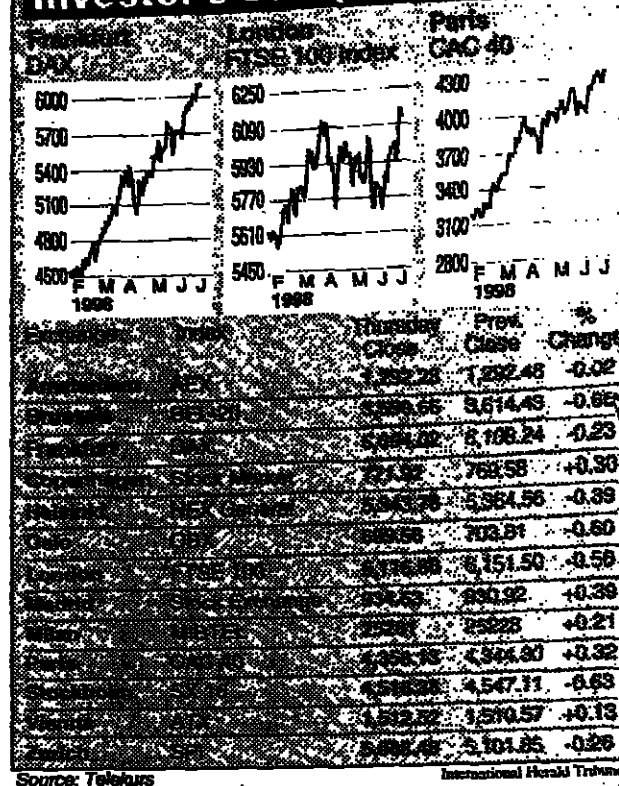
STOCKHOLM — Volvo AB on Thursday reported a pretax profit of 6.11 billion kronor (\$765 million) for the first half, 23 percent lower than a year earlier.

Volvo said profit was cut by a 910 million kronor charge for restructuring after the acquisition of the construction equipment unit of Samsung Heavy Industries of South Korea.

Volvo's sales increased to 101.7 billion kronor, after 89 billion kronor a year earlier. North American sales rose by 26 percent and European by 13 percent. That more than compensated for a decline in Asia, the company said.

Volvo said it would exercise an option to buy 10 percent of the engine maker Daimler AG from Deutsche Bank AG. (AP, Reuters)

## Investor's Europe



## Very briefly:

- W.H. Smith Group PLC, Britain's biggest bookseller, said profit before exceptional items and tax in the year to May 31 rose to a record £143 million (\$234 million), while total group sales rose 6 percent to £2.1 billion.
- The Dutch jobs rate fell in June to 4.2 percent, its lowest level in more than 17 years, the Central Bureau for Statistics said. The average number of unemployed in the three months through June fell to 288,000 from 297,000 in the previous three-month period.
- Daimler-Benz AG is to convert its German bearer shares and American Depositary Receipts to registered shares once shareholders approve its \$41 billion takeover of Chrysler Corp.
- Colt Telecom Group PLC, a U.K. telecommunications company, agreed to buy Imaginet, France's biggest independent Internet business service provider, for 120 million francs (\$20 million) in cash and shares.
- The German Federal Cartel Office will

block Kirch Group's plan to gain a majority of SAT-1, a private broadcaster, unless Kirch can prove that the move, coupled with a larger stake in the pay-TV channel Premiere, would not let it dominate the German television market.

• Britain's public sector showed a deficit of £6.148 billion (\$10 billion) in June, which followed a deficit of £2.509 billion in May.

• Renault SA, France's second-biggest carmaker, said its worldwide car and utility vehicle sales rose 16.8 percent in the first half of the year from the same period last year to 1.06 million.

• AMB Aachen & Muenchener Beteiligungs AG, Germany's third-largest insurer, said it sold Dutch unit Rodutch Holdings BV to Assurances Generales de France for 1.35 billion Deutsche marks (\$750 million).

• Finland's unemployment rate fell to 12 percent in June, with 323,000 Finns out of work, from 14.6 percent in May, Statistics Finland reported. (Reuters, Bloomberg, AFP)

## WORLD STOCK MARKETS

Thursday, July 16

Daily prices in local currencies.

Tel Aviv

High Low Close Prev.

Amsterdam

High Low Close Prev.

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## INTERNATIONAL

## East Europeans Wary of Vienna's Plan for a Regional Stock Exchange

By Peter S. Green  
International Herald Tribune

PRAGUE — As merger fever grips the world's stock exchanges, a plan by the Vienna bourse to create a super trading market for Central and East European equities has met with skepticism and opposition from the region's more successful exchanges.

In a joint venture with the Frankfurt stock exchange, Vienna wants to create a new East European exchange by mid-1999. It would list the top equities from Budapest, Warsaw, Prague and Moscow.

The Viennese organizers hope that the safety of Austrian regulation and the access to Frankfurt, home of Europe's new single currency, would open the coffers of Western Europe to investment-starved exchanges across the

landscape of post-Communist Central and Eastern Europe.

But officials at the various local bourses fear the Vienna exchange would, if successful, skim the blue-chips from their own developing markets.

Brokers and investment bankers who trade in the region argue that a Viennese bourse would be too far from both the investors and the stocks to attract business.

The planned exchange, provisionally dubbed *Ostbörse* ("Eastern Bourse"), would be a joint venture between Frankfurt and Vienna and would take advantage of the German Xetra electronic trading system to limit costs.

"We want to list all the major blue-chips from Central and Eastern Europe on this new exchange," said Christian Imo, co-chief executive of the Vienna

exchange. Frankfurt has agreed to transfer to Vienna some 80 Central and East European issues it already lists. They would join the 20 Eastern shares already on the Vienna exchange and on Vienna's small Eastern options exchange.

"The reason somebody should be listed there is to get an entrance to the euro zone, and for investors from Europe — and later on from the U.S. — to have a single entrance point to the East," he said.

The Prague Stock Exchange, plagued by years of insider trading, weak disclosure rules and poor enforcement is the only regional bourse that seems interested in the project.

"If issues are listed on the PSE at the same time, they will bring that regulatory environment to our market," said Vladimir Ezr, vice president of the

Prague exchange.

But Mr. Ezr, like other regional bourse managers, said he would really like to see Prague's participation limited to the Xetra trading system. "We want to be a full member of an international network. We don't want to be a sub-stock exchange doing our trading through Vienna," he said.

The chief executive of Warsaw's thriving stock exchange, Wieslaw Rozlucki, was more outspoken. He said Mr. Imo's aim was clearly to steal Warsaw's best issues, and that would not be good for the Polish market.

While a superbourse might attract new investors, particularly Germans, and raise the price of Eastern equities generally, Mr. Rozlucki feared that the second and third tiers of issues remaining in Warsaw, Prague, Budapest or Moscow would not benefit.

"Local investors would not benefit. In our market you can easily shift from large companies to small companies and back. If you have only blue-chips there's nowhere for the money to go," he said.

Financiers in the City of London say the project is doomed to failure.

Vienna has wanted to do that since 1990 or 1991, and the issue is either you go where the companies are or where the capital is, and Vienna doesn't fit into either of those categories," said Douglas Rediker, an investment banker at Merrill Lynch in London. "London is the home of the European investor community."

In fact, about 25 percent of Eastern Europe's trades, by value, take place in London, and most large Eastern companies place depositary receipts in London or New York when their home market

lacks the capital to absorb a new share issue.

Despite widespread skepticism, Mr. Imo seems prepared to persist on sheer willpower, though with a whiff of desperation. Vienna's home market is one of Europe's least active bourses.

"We have decided that our only chance is Central and Eastern Europe," Mr. Imo said.

"We have the know-how, we have the technology and we have said this is our main strategy, this is the difference, and no one says this in London."

Fabrod Lofth, vice chairman of the Budapest Stock Exchange, said Vienna listings would bring no added value for Hungarian companies.

"Vienna is not the center of investment anymore. Investment for Hungary comes either from local investors or London-based investors," he said.

## Labor Chiefs In Korea Vow to Fight Despite Odds

By Don Kirk  
International Herald Tribune

SEOUL — Labor leaders threatened with arrest took sanctuary on the grounds of Myeongdong Cathedral on Thursday, but their defiance found little broad support as most striking industrial workers returned to their jobs.

About a dozen union leaders held out against arrest warrants charging them with carrying out "illegal strikes" this week. Several hundred policemen guarded against the possibility of violence but refrained from going onto the cathedral grounds.

"If they arrest me, the workers will be outraged," said Lee Kab Yong, president of the militant Korean Confederation of Trade Unions, whose 600,000 members dominate most of Korea's heavy industries as well as some financial institutions.

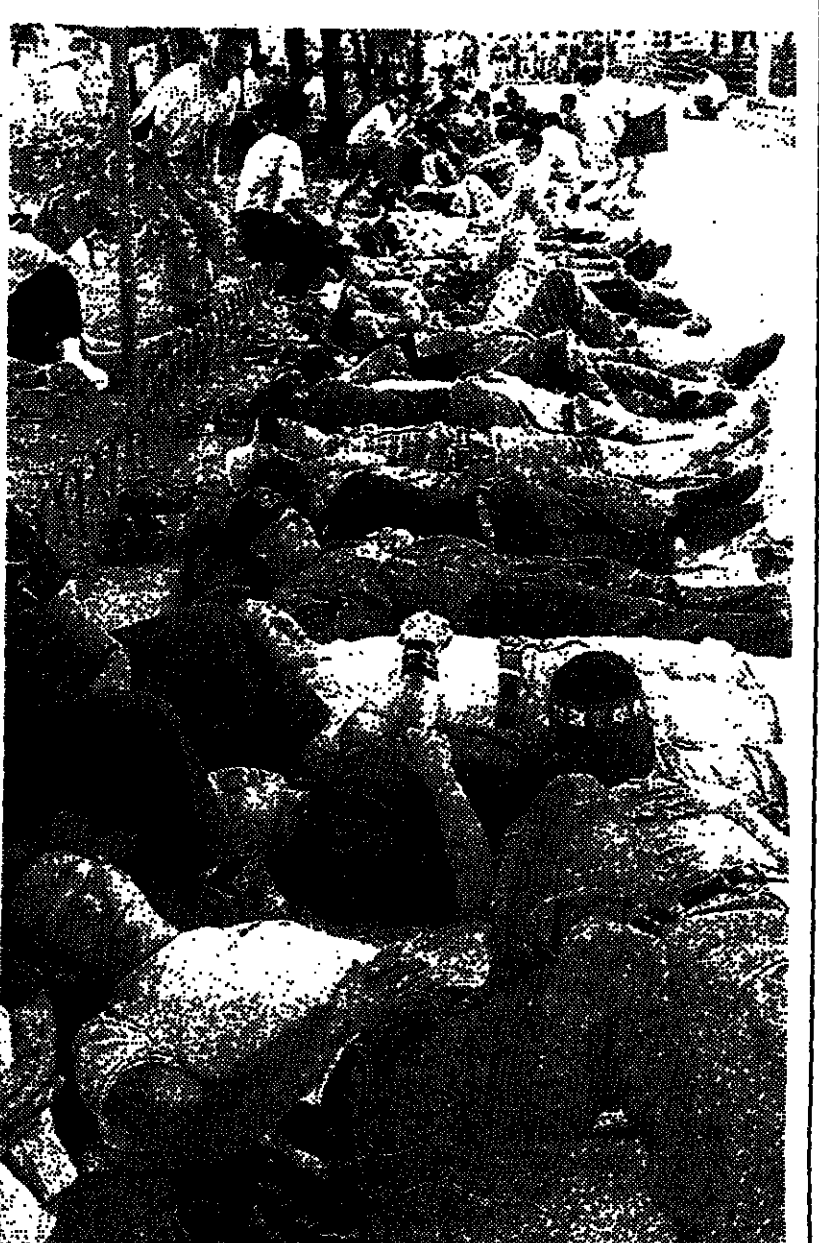
Mr. Lee and other union leaders planned another "general strike" next week after calling a halt this week to walkouts, which seek to prevent layoffs as part of the country's economic restructuring.

"Next week will be much worse," said Mr. Lee, who has spent a total of four and a half years in jail for leading strikes in the early 1990s at Hyundai Heavy Industries, the shipbuilding giant of the Hyundai group, the country's leading *chaebol*, or conglomerate.

"We will begin our strike on Wednesday, and it will be indefinite," he said. "They cannot arrest all of us."

The defiance of Mr. Lee and other union leaders contrasts with the relatively tepid response to the strikes this week, in which no more than 55,000 workers are believed to have taken part. Some attribute this to what is seen as the futility of their cause.

Two hours after the strikers at Hyundai Motor Co. said they had won



South Korean strikers napping Thursday in a Seoul park after staying up all night to protest job cuts as part of the nation's economic reforms.

agreement from the company to slash hours and wages rather than dismiss workers, the company said it was cutting 2,678 of its 40,000 workers and furloughing 900 more for up to two years without pay. "We had to employ mass dismissal to survive the crisis," a spokesman said.

## 4 Banks Won't Have to Merge

South Korea backed away Thursday from a plan to force four of the country's top six banks to merge, seeking to prevent further disruption to its fractured financial system, Bloomberg News reported from Seoul.

## Bottler Emerges From Coke's Shadow

By Constance L. Hays  
New York Times Service

NEW YORK — Coca-Cola Enterprises Inc., the bottling company that is ever the bridesmaid to the giant Coca-Cola Co., is getting a turn in the spotlight after all.

While the Asian economic crisis deepens, stock in the bottler provides a brand name that investors trust without the added exposure to Indonesia, Thailand, Japan and other countries whose bubbles have burst. Foreign sales account for 80 percent of Coca-Cola's total business, and the company's profits have been crimped slightly as falling currencies reduce the value of those sales.

Coca-Cola said Thursday that its second-quarter profit fell 9 percent to \$1.19 billion, despite an increase in revenue to \$9.6 billion from \$9.2 billion a year ago.

The company's sales in the United States are skipping along, with growth of about 10 percent annually, impressive for a mature market in which Coke products are consumed at the rate of slightly more than one eight-ounce serving a day for each man, woman and child.

Coca-Cola Enterprises, the largest

bottler in the Coke system, accounts for 65 percent of Coke's U.S. sales volume. The bottler also handles Dr. Pepper, the No. 6 soft drink in the United States, and gets about 32 percent of its business from Western Europe and Canada.

For the last 18 months, it has been on an acquisition binge, snapping up Coca-Cola Bottling of Canada and Coca-Cola Southwest, as well as a \$2 billion British bottler, Coca-Cola & Schweppes Beverages Ltd. Last month, it announced plans to acquire Great Plains Bottlers & Canners Inc., a Midwest bottler.

Margaret Carton, director of investor relations for Coca-Cola Enterprises, says that even without the acquisitions, the company will meet its goal of 10 percent growth in 1998.

All this leads to new-found respect in an industry in which the bottlers, clinking angrily under their breath, have long had to take a back seat to the soft-drink companies.

A year ago, shares in Coke Enterprises were trading at \$21, up from a split-adjusted offering price of \$5.50 in 1986. In April, the share price popped through the \$40 barrier for the first time and leaped higher a few days later after

an announcement that the company president, Henry Schimberg, had pledged to stay on two more years as chief executive, and three subsequent years as a consultant. The chairman and chief executive, Summerfield Johnston, agreed to remain as chairman for an indefinite period.

In May, two stock analysts speaking at a beverage-industry conference recommended the stock, even over Coca-Cola. And last month, at the Coca-Cola Company's biennial presentation before investment bankers and portfolio managers, officials of the bottling company were included on stage for the first time. Late Thursday, the bottler's shares were trading at 41.1875, up 43.75.

The heightened interest in Coke Enterprises can be attributed to several factors besides concern about the Asian crisis and management savvy. First of all, a bottler bonded in any way to Coca-Cola Co. looks good, simply because Coke is, as the saying goes, running on all cylinders. Volume is up, both worldwide and in the United States.

Second, Coke Enterprises has been through a series of consolidations and aligned its marketing and business strategy with Coke.

## FIAT: American-Style Leadership Promised at Italian Carmaker

Continued from Page 13

added that he was equally unimpressed by the margins at the biggest carmaker in the world, General Motors Corp. "I think this is a sector which has low profit margins, but our primary objective will be to create more shareholder value and increase margins here," he said.

In the past Fiat, the third-largest automaker in Europe, with 1997 pretax profits of 4.2 trillion lire (\$2.37 billion) on group revenue of \$9.6 trillion lire, has been criticized for not doing enough to protect minority investors.

Asked whether he agreed with calls issued by the late Giovanni Agnelli, nephew of the Fiat patriarch, Gianni Agnelli — for more transparency and a reform of Italy's clubby form of capitalism, the Italian-born Mr. Fresco said the younger Mr. Agnelli had been "very modern in his outlook."

Mr. Fresco said that while he did not have experience in the automotive sector, he planned to familiarize himself with Fiat's activities between now and October, and said he would then concentrate on strategy, globalization and international agreements, working closely with the chief executive of Fiat, Paolo Cantarella.

Mr. Fresco denied media reports that Fiat was holding merger talks with Bayerische Motoren Werke AG of Germany or that it had an interest in buying into Kia Motors of South Korea. He said that despite the consolidation in the global car market, typified by Daimler-Benz AG's agreement to buy Chrysler Corp.,

Fiat could stand on its own.

"In the automotive sector this company has the strength, the dimension and the strategy to survive on its own," Mr. Fresco said. He was careful to add, however, that "if there are opportunities we won't stay outside the window."

Under his leadership, Fiat will concentrate on its core vehicles business, he explained, adding that the disposal of non-core activities was "99 percent over."

In addition to its automotive business, which includes the Fiat, Lancia, Alfa Romeo and Ferrari brands, Fiat controls the Toro Assicurazioni insurance business, manufactures aircraft and railway equipment and owns one of the leading newspapers in Italy, La Stampa.

It also holds the largest equity stake in the Rizzoli-Corriere della Sera publishing group (which in turn has a joint venture with the International Herald Tribune that publishes a daily supplement of Italian news in English in the Herald Tribune that is distributed in Italy.)

When asked how he would relate to the Italian political establishment, Mr. Fresco said industry and politics should be "independent of each other" and noted: "I can't comment on the way things worked in the past, but my experience with the political world is almost non-existent."

Commenting on legislation that will reduce the workweek from 40 to 35 hours, Mr. Fresco said the move "is not coherent with what the industrialized world is trying to do, and namely to

introduce more flexibility in order to compete with low-cost manufacturing in developing countries. Anything that imposes limits on labor market flexibility by law is mistaken."

## Group Drops Plan For India Airport

Bloomberg News

BOMBAY — A group of Indian, U.S. and Singapore companies said Thursday that it had dropped plans to build an airport in the southern Indian city of Bangalore, after years of government delays kept the \$870 million project from starting.

The group, comprising the U.S.-based aerospace company Raytheon Co., India's Tata Industries Ltd., a consortium of Singapore companies and the southern state of Karnataka, said it was tired of waiting for the government approvals to start building the airport. The team was chosen for the project more than two years ago.

Malavi Purank, deputy director of corporate communications at Tata, said that the group had pulled out because of government delays.

The estimated cost of the project was about 12 billion rupees (\$282 million) for the first phase and another 25 billion rupees during the first 15 years of operation.

## LENDERS: U.S. Banks Seen Flirting With Risk in Rush to Lend

Continued from Page 13

ber," said Charles Peabody, a bank analyst with Mitchell Securities Inc. in New York. "The Fed said the pricing was getting narrower and maturities were being lengthened. If you are cutting the prices of loans and extending the terms, you better be darn sure what the future holds."

Why such hand-wringing when the economy is the most robust it has been in decades, and banks, whose lending is buttressed by newfangled computer safeguards, are enjoying record profits?

Regulators and others are still haunted by the ghost of the 1980s banking debacle, when scores of major banks were brought to their knees by reckless lending. When the Bank of New England collapsed in 1991, most regulators were caught by surprise. By the time the smoke cleared in the early 1990s, 11 of the nation's 50 largest banks had to be closed or sold because of bad loans. As a result, it became harder than at any time since the Depression for businesses and consumers to get loans.

With many analysts now warning that the U.S. economy cannot surge indefinitely, especially if Asia's woes have more impact in the United States, regulators are concerned that imprudent lending could once again wreak havoc if the economy hits a wall.

Amid the rush to lend, the creditworthiness of borrowers is moving rapidly downhill.

In 1995, only about 12 percent of syndicated loans went to companies already carrying heavy debt and subpar credit ratings, according to the controller of the currency. By 1997, fully 17 percent of syndicated loans were to such indebted borrowers. And at the end of this year's first quarter, that figure had soared to 31 percent.

Julie Williams, the acting comptroller, said in an interview that she was "very uneasy" about lending standards at banks, citing lax standards in syndicated lending, leading to mid-sized companies and commercial real estate lending.

But big banks said they were vigilant about their lending practices and constantly reviewed loans to make sure they were sound. They said the Fed's lending survey was skewed by loans from smaller, regional banks that they said might be less cautious in their lending.

"We think we've appropriately priced and structured the deals," said Robert Strong, Chase's chief credit officer. "We're comfortable with what we do."

There are not a lot of quick, informal handshake kind of deals," Mr. Strong said, adding that Chase regularly takes months to scrutinize loans and "stress test" large loans. Mr. Strong pointed out that since the 1980s, Chase has diversified its lending and sharply reduced the number of loans it holds.

Other big banks say they are similarly disciplined. Citicorp, which flirted with collapse in the early 1990s because of errant lending and has since instituted tougher lending policies, has expanded its commercial and industrial loan portfolio to \$59.3 billion last year from about \$36 billion in 1992. But analysts and the bank said they were comfortable with the quality of those loans.

Real estate lending, the perennial bogyman of the banking business, appears to be relatively sound but throughout the industry, but analysts said there were early signs that lending guidelines were dropping.

A recent study by the accounting firm of Deloitte & Touche observed that construction loans that once had conservative maturities of

one, three or five years now involve "almost permanent" lending of seven to 10 years, thus exposing banks for longer periods to the notoriously boom-and-bust nature of the business.

Banks had about \$400 billion in commercial mortgages last year, up from \$300 billion in 1993, Deloitte said. Banks' exposure to related forms of lending, including loans to real estate investment trusts and the packaging and selling of mortgage-backed securities, is harder to quantify because no comprehensive, entirely accurate statistics are available.

Las Vegas, the nation's fastest-growing city, has enjoyed a building boom fueled by such huge projects as Mirage Resorts Inc.'s \$1.6 billion Bellagio casino. The Bellagio will open this fall, but gambling industry analysts question whether there will be enough demand to support such huge loans.

BankAmerica Corp., the largest lender to Las Vegas

operators and a backer of the Bellagio, said it was confident in the Bellagio's prospects and in the quality of outstanding loans to other gambling companies.

"That's not to say we haven't relaxed a covenant here or there," said William Newby, a managing director in charge of BankAmerica's gambling portfolio. "But we're not giving away cheap money with no covenants at all."

If serious lending problems do emerge down the road, only a handful of people will be the first to know.

"The industry has learned many lessons from past excesses, and the average bank is exercising more diligence than was the case in the late 1980s," said James McCormick, president of First Manhattan Consulting Group, which specializes in financial institutions. "But ultimately, only the regulators will know whether some banks are pushing the lending envelope too far."

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## ASIA/PACIFIC

# IMF Resumes Loans To Support Indonesia

**Bloomberg News**  
JAKARTA — The International Monetary Fund resumed lending to Indonesia on Thursday, approving a \$1 billion disbursement for the country's battered economy and promising an additional \$6 billion by March.

Despite the additional aid, the Indonesian government published a revised budget, projecting that the economy will shrink by 12 percent and inflation will accelerate to a rate of 66 percent for this fiscal year.

The original budget, announced in January, had forecast zero economic growth and inflation of 20 percent.

The Fund last released funds to Indonesia on May 5, before riots devastated Jakarta and forced President Suharto to resign.

The latest \$6 billion in commitments from donors — including the World Bank, the Asian Development Bank, China and Australia — follows the \$43 billion bailout arranged by the Fund last year.

Indonesia desperately needs the money to offset a budget deficit that is widening because of growing subsidies for food, medicine and other basic items.

The coordinating minister for the economy, Gita Wirjawan, welcomed the fresh funding pledges, adding that the country required about \$10 billion or \$11 billion to meet the budget deficit and a balance-of-payments crunch.

He said the pledges of new loans included the rescheduling of debt, but added that some fresh money will also be forthcoming.

Indonesia has agreed with some of its lenders to reschedule principal repayments on some of its \$34.4 billion in foreign debt, Mr. Gita Wirjawan said.

Alassane Ouattara, the Fund's acting managing director, said the Fund credited Indonesian authorities "for good policy implementation in very difficult circumstances" to prevent a further economic decline.

Investors were heartened by evidence that the two-month-old government of President B.J. Habibie would be able to secure the aid it needed to feed the poor and limit a swelling budget deficit.

The Jakarta composite stock index rose by 1.4 percent, or 6.43 points, to 473.77. The rupiah surged by as much as 14 percent to a five-week high, with the dollar closing at

13,750 rupiah, down from 14,350 rupiah.

"The fact that the IMF guys decided to drop this money is a vote of confidence in President Habibie and his government," said Derrick Lee Hong Peng, senior currency analyst at MCM Asia Pacific Ltd.

But Rizal Ramli, head of the private economic consulting group Ekonit and a long-time critic of the government, said: "This money is not sufficient. It's going to be used for social safety net programs, which is good, but it does nothing for the general economy."

## Jakarta Limits Media Owners

**Agence France-Presse**  
JAKARTA — Foreigners remain barred from investing in the Indonesian media, from television to radio, the written press and cinema, according to a presidential decree made public Thursday.

The decree dated July 2 sets out which sectors are off-limits to direct non-Indonesian investments.

The decree was "designed to give certainty to investors," the state minister for investment, Hamzah Haz, told the Antara press agency.

Apart from the media, foreign investments are banned in any field dealing with the running and controlling of satellite orbits as well as radio frequencies.

Foreign investors are not allowed to run buses or taxis, exploit uranium resources, manage the aquaculture of fresh water, hold forest concessions or produce certain chemical products, explosives or alcohol.

Presale services are also closed to foreign firms, but outside retailers are still allowed to operate large-scale business such as shopping malls and supermarkets.

However, the decree stipulates that foreign investors can enter the closed sectors indirectly by purchasing shares in Indonesian companies.

The minister added that the government had drawn up a list of measures to attract foreign investment to the country, but he did not elaborate. He said that the full text of the decree would be ready by the end of the month.

# Chinese Debate Yuan in Public

**By Michael Laris**  
*Washington Post Service*

BEIJING — China's economic policymakers and business executives are engaged in an unusual semi-public debate over the future of China's currency, the yuan.

Despite government pledges to the contrary, many exporters in China want it to be devalued, sparking fears that such a move by Asia's new economic giant could deepen this region's economic crisis and hurt economies around the world as well.

China's prime minister and top economic policymaker, Zhu Rongji, has pledged that China's currency will not be devalued. But some of China's exporters, pummeled by numbing exports to Asia, are calling for relief, including devaluation. Devaluing its currency, also called the renminbi, or the "people's money," would help make China's exports cheaper and more competitive, these exporters claim.

Currencies across Asia, from the Japanese yen to the Indonesian rupiah, have dropped dramatically, and much of the region has sunk into recession over the last year. Another round of competitive devaluations would likely be sparked by any Chinese devaluation, many economists believe.

China's export growth has slowed to 7.6 percent in the first six months of 1998, from 21 percent for all of 1997, and some here say

China should not pay the price of keeping Asia afloat. Officials at the Dalian Shipbuilding Industry Corp., for instance, have seen their sales undercut by South Korean companies. "Of course we hope the renminbi is devalued 10 percent," said an official, who spoke on condition of anonymity. "If that happened, our profits would increase 10 percent."

The government-run China

China's economically backward northwest, total sales this year are down 30 percent because of lost markets in Asia, according to Rui Shengrong, a company official. Orders have been canceled, and firms in Vietnam and Thailand with cheaper raw material costs are taking away business.

"Only if China's exports grow 10 percent this year will the whole economy grow 8 percent," he said, citing the government's target for economic growth.

So there should be some preferential policies. A lot of export companies want there to be a devaluation."

But Mr. Rui said the central government had a "wider view," and that exporters were being "one-sided" in their calls for a devaluation because of the possible negative effect on the stability of the Hong Kong dollar. Mr. Rui said a tax rebate, which Beijing recently gave to some export industries to reduce pressure for devaluation, would be a nice consolation.

Mr. Rui's enterprise used to have a 17 percent tax rebate on exports, but that was cut to 9 percent as part of efforts to join the World Trade Organization. Beijing also is considering low-interest loans as an alternative to devaluation.

"The distances between our provinces are as great as they are between your different countries," he said, trying to explain the difficulty the Beijing government has pleasing everyone.

## China's policy squabbles are usually hidden under a guise of Communist Party unanimity.

Daily acknowledged in an anti-devaluation editorial last week that such sentiments were common. "Many people at home have reiterated that China's export competitiveness will be severely undermined if China does not devalue its currency," it wrote.

The debate over the yuan's future is unusual because Chinese policy squabbles are so often hidden under a guise of unanimity demanded by the Communist Party. But as the central government continues cutting subsidies to — and selling off — money-losing state enterprises, different and sometimes conflicting interests are arising. One example of the collapse of the Chinese monolith is the exporters now angling for a cheaper yuan.

At the Ningxia Machinery & Chemical Import/Export Corp., in

# Japan's Current-Account Surplus Up 62%

**Agence France-Presse**

TOKYO — Japan's current-account surplus in May soared 62 percent from a year earlier as imports tumbled, the Finance Ministry said Thursday.

Japan's current-account surplus, unadjusted for seasonal factors, totaled 1,409 trillion yen (\$10.03 billion) in May.

The surplus, which measures the flow of goods and services as well as investment income and other monetary transfers, was far higher than market predictions. It marked the 14th consecutive monthly year-on-year increase in the surplus.

Imports dropped 18.1 percent to 2,499 trillion yen, their worst fall

since December 1991.

The falling imports were a clear effect of the recession gripping the world's second-largest economy.

"Considering the current health of the Japanese economy, it is hard to see imports rising to narrow the trade surplus," said Makoto Ishikawa, an economist at the Japan Research Institute.

The Finance Ministry blamed the slump in imports on reduced imports of crude oil. Imports based on the value of crude oil fell 39.3 percent from a year earlier in May.

Despite the falling value of the yen, exports slipped 1.8 percent to 3,91 trillion yen. It was the second straight month that exports had de-

clined, and analysts said this indicated the poor condition of the economy and the depth of the recession.

Nevertheless, the Finance Ministry was optimistic.

"The domestic economy is expected to recover after summer due to the government's economic package, and this will work as a factor to pressure the trade surplus," an official said.

Officials have pinned their hopes on a huge stimulus spending plan that was announced in April.

"But the problems of our economy right now are so severe that a single stimulus effect will not make a significant difference to the surplus," Mr. Ishikawa said.

## Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
F M A M J J 1998		F M A M J J 1998		F M A M J J 1998	
Exchange	Index	Thursday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	8,596.57	8,456.22	+1.54	
Singapore	Straits Times	1,073.97	1,066.01	+1.71	
Sydney	All Ordinances	2,810.60	2,773.90	+1.32	
Tokyo	Nikkei 225	16,731.82	16,614.14	+0.71	
Kuala Lumpur	Composite	428.99	433.54	-0.82	
Bangkok	SET	282.01	273.75	+3.02	
Seoul	Composite Index	330.35	313.42	+5.40	
Taipei	Stock Market Index	7,924.84	7,875.91	+0.62	
Manila	PSE	1,797.00	1,794.06	+0.16	
Jakarta	Composite Index	473.77	467.34	+1.38	
Wellington	NZSE-40	2,131.72	2,105.99	+1.22	
Bombay	Sensitive Index	3,488.77	3,365.72	+3.66	

Source: Reuters

## Very briefly:

• Royal Ahold NV, the Dutch supermarket company, is buying 27 supermarkets through its Malaysian joint venture from Parkson Corp., Malaysia's largest retailer.

• Read-Rite Corp., a California company that makes heads for disk drives, plans to cut 18 percent of its worldwide work force. It will fire all its workers in Malaysia, close the plant and move the operations to plants located in Thailand and the Philippines.

• PT Perusahaan Listrik Umum Negara, Indonesia's electricity company, reported a loss of 6.2 trillion rupiah (\$455 million) for the first half of the year. Djiteng Marsudi, the president of the company, is expected to lose his job.

• Liz Claiborne Inc., a New York clothing label, is establishing a joint venture with Jusco Co., the Japanese parent of Takashimaya Inc., the American clothing retailer.

• Lake Co. Ltd., a Japanese consumer credit company, is negotiating the sale of its assets to GE Capital Service Corp., a subsidiary of General Electric Co. of the United States.

• Japan Airlines Co., All Nippon Airways Co. and Japan Air System Co. — Japan's three major airlines — have all booked fewer flights for the peak summer travel season than last year, prompting analysts to warn of lower earnings.

• International Business Machines Corp. and NEC Corp. will work together to establish a standard for "electronic watermarks" to protect copyrights on products such as digital video disks.

• Moevenpick Holding AG, Switzerland's largest listed restaurant and hotel company, bought a stake in Karos Hotels Ltd. of South Africa.

• Hong Kong's Census and Statistics Departments said fast-food restaurants saw business increase 4.9 percent in the first quarter, while sales at more traditional Chinese restaurants fell 11 percent.

Bloomberg, Reuters

- Inflight Entertainment
- Wide Aircraft
- Public Improvements
- Worldwide Cargo
- Prestige Class
- Internet Services
- Public Crew Training
- Hardware Network
- Hardware Division
- Working Bank Class
- Ground Services
- Worldwide Network

Home-grown fresh lettuce and crystal clear mineral water from our own farm on Jeju Island

Choose from the freshest foods and finest wines...

Refresh? We grew it ourselves.

Inflight food prepared for over 30 airlines

Inflight meals prepared by top chefs from around the world

KOREAN AIR BEYOND YOUR IMAGINATION



12 Month			Dtr Yld PE			Sts		
High	Low	Stock				100s	High	Low/Latest Chge

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**Thursday's 4 P.M.**

**Thursday 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar volume, updated twice a year.  
*The Associated Press.*

[illegible][illegible]

姓名	性別	年齡	籍貫	學歷	職業	住址	電話	備註
張三	男	25	山東	高中	教師	北京路123號	1234	
李四	女	30	河南	大學	醫生	文化路456號	5678	
王五	男	40	湖北	碩士	工程師	建設路789號	9012	
趙六	女	35	四川	本科	會計	商業路101號	3456	
陳七	男	28	廣東	高中	司機	交通路234號	7890	
周八	女	22	浙江	初中	銷售	市場路567號	2345	
吳九	男	38	安徽	大學	教授	學府路890號	6789	
徐十	女	27	江西	高中	護士	醫院路123號	4567	
孫十一	男	33	湖南	本科	律師	法律路456號	8901	
馬十二	女	29	福建	高中	翻譯	國際路789號	2345	
朱十三	男	45	陝西	碩士	科學家	研究院路101號	6789	
胡十四	女	31	山西	大學	作家	文藝路234號	5678	
郭十五	男	26	雲南	高中	農民	農村路567號	9012	
何十六	女	24	貴州	初中	工人	工廠路890號	3456	
梁十七	男	36	廣西	大學	教授	學府路123號	7890	
宋十八	女	23	海南	高中	教師	教育路456號	2345	
楊十九	男	41	四川	本科	工程師	建設路789號	6789	
李二十	女	34	湖北	碩士	醫生	醫院路101號	5678	
王二十一	男	28	山東	高中	司機	交通路234號	9012	
趙二十二	女	21	河南	初中	銷售	市場路567號	3456	
陳二十三	男	39	安徽	大學	教授	學府路890號	7890	
周二十四	女	26	江西	高中	護士	醫院路123號	2345	
吳二十五	男	32	湖南	本科	律師	法律路456號	6789	
徐二十六	女	29	福建	高中	翻譯	國際路789號	5678	
孫二十七	男	43	陝西	碩士	科學家	研究院路101號	9012	
馬二十八	女	31	山西	大學	作家	文藝路234號	3456	
朱二十九	男	27	雲南	高中	農民	農村路567號	7890	
胡三十	女	25	貴州	初中	工人	工廠路890號	2345	
郭三十一	男	37	廣西	大學	教授	學府路123號	6789	
何三十二	女	23	海南	高中	教師	教育路456號	5678	
梁三十三	男	42	四川	本科	工程師	建設路789號	9012	
宋三十四	女	35	湖北	碩士	醫生	醫院路101號	3456	
楊三十五	男	29	山東	高中	司機	交通路234號	7890	
李三十六	女	22	河南	初中	銷售	市場路567號	2345	
王三十七	男	38	安徽	大學	教授	學府路890號	6789	
趙三十八	女	27	江西	高中	護士	醫院路123號	5678	
陳三十九	男	33	湖南	本科	律師	法律路456號	9012	
周四十	女	30	福建	高中	翻譯	國際路789號	3456	
吳四十一	男	44	陝西	碩士	科學家	研究院路101號	7890	
徐四十二	女	32	山西	大學	作家	文藝路234號	2345	
孫四十三	男	28	雲南	高中	農民	農村路567號	6789	
馬四十四	女	26	貴州	初中	工人	工廠路890號	5678	
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胡四十六	女	24	海南	高中	教師	教育路456號	3456	
郭四十七	男	41	四川	本科	工程師	建設路789號	7890	
何四十八	女	34	湖北	碩士	醫生	醫院路101號	2345	
梁四十九	男	29	山東	高中	司機	交通路234號	6789	
宋五十	女	22	河南	初中	銷售	市場路567號	5678	
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吳五十七	男	28	雲南	高中	農民	農村路567號	9012	
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馬六十	女	24	海南	高中	教師	教育路456號	2345	

[illegible][illegible][illegible]

**Thursday's 4 P.M. Close**

[illegible]

High	Low	Stock	Div Yld	PE	Ratio	High	Low	Latest	Change
77	76 1/2	Am. Can. Co.	2.50	15	1.5	77 1/2	76 1/2	77 1/2	+1/2
76 1/2	76	Am. Can. Co.	2.50	15	1.5	76 1/2	76	76 1/2	+1/2
76	75 1/2	Am. Can. Co.	2.50	15	1.5	76	75 1/2	76	+1/2
75 1/2	75	Am. Can. Co.	2.50	15	1.5	75 1/2	75	75 1/2	+1/2
75	74 1/2	Am. Can. Co.	2.50	15	1.5	75	74 1/2	75	+1/2
74 1/2	74	Am. Can. Co.	2.50	15	1.5	74 1/2	74	74 1/2	+1/2
74	73 1/2	Am. Can. Co.	2.50	15	1.5	74	73 1/2	74	+1/2
73 1/2	73	Am. Can. Co.	2.50	15	1.5	73 1/2	73	73 1/2	+1/2
73	72 1/2	Am. Can. Co.	2.50	15	1.5	73	72 1/2	73	+1/2
72 1/2	72	Am. Can. Co.	2.50	15	1.5	72 1/2	72	72 1/2	+1/2
72	71 1/2	Am. Can. Co.	2.50	15	1.5	72	71 1/2	72	+1/2
71 1/2	71	Am. Can. Co.	2.50	15	1.5	71 1/2	71	71 1/2	+1/2
71	70 1/2	Am. Can. Co.	2.50	15	1.5	71	70 1/2	71	+1/2
70 1/2	70	Am. Can. Co.	2.50	15	1.5	70 1/2	70	70 1/2	+1/2
70	69 1/2	Am. Can. Co.	2.50	15	1.5	70	69 1/2	70	+1/2
69 1/2	69	Am. Can. Co.	2.50	15	1.5	69 1/2	69	69 1/2	+1/2
69	68 1/2	Am. Can. Co.	2.50	15	1.5	69	68 1/2	69	+1/2
68 1/2	68	Am. Can. Co.	2.50	15	1.5	68 1/2	68	68 1/2	+1/2
68	67 1/2	Am. Can. Co.	2.50	15	1.5	68	67 1/2	68	+1/2
67 1/2	67	Am. Can. Co.	2.50	15	1.5	67 1/2	67	67 1/2	+1/2
67	66 1/2	Am. Can. Co.	2.50	15	1.5	67	66 1/2	67	+1/2
66 1/2	66	Am. Can. Co.	2.50	15	1.5	66 1/2	66	66 1/2	+1/2
66	65 1/2	Am. Can. Co.	2.50	15	1.5	66	65 1/2	66	+1/2
65 1/2	65	Am. Can. Co.	2.50	15	1.5	65 1/2	65	65 1/2	+1/2
65	64 1/2	Am. Can. Co.	2.50	15	1.5	65	64 1/2	65	+1/2
64 1/2	64	Am. Can. Co.	2.50	15	1.5	64 1/2	64	64 1/2	+1/2
64	63 1/2	Am. Can. Co.	2.50	15	1.5	64	63 1/2	64	+1/2
63 1/2	63	Am. Can. Co.	2.50	15	1.5	63 1/2	63	63 1/2	+1/2
63	62 1/2	Am. Can. Co.	2.50	15	1.5	63	62 1/2	63	+1/2
62 1/2	62	Am. Can. Co.	2.50	15	1.5	62 1/2	62	62 1/2	+1/2
62	61 1/2	Am. Can. Co.	2.50	15	1.5	62	61 1/2	62	+1/2
61 1/2	61	Am. Can. Co.	2.50	15	1.5	61 1/2	61	61 1/2	+1/2
61	60 1/2	Am. Can. Co.	2.50	15	1.5	61	60 1/2	61	+1/2
60 1/2	60	Am. Can. Co.	2.50	15	1.5	60 1/2	60	60 1/2	+1/2
60	59 1/2	Am. Can. Co.	2.50	15	1.5	60	59 1/2	60	+1/2
59 1/2	59	Am. Can. Co.	2.50	15	1.5	59 1/2	59	59 1/2	+1/2
59	58 1/2	Am. Can. Co.	2.50	15	1.5	59	58 1/2	59	+1/2
58 1/2	58	Am. Can. Co.	2.50	15	1.5	58 1/2	58	58 1/2	+1/2
58	57 1/2	Am. Can. Co.	2.50	15	1.5	58	57 1/2	58	+1/2
57 1/2	57	Am. Can. Co.	2.50	15	1.5	57 1/2	57	57 1/2	+1/2
57	56 1/2	Am. Can. Co.	2.50	15	1.5	57	56 1/2	57	+1/2
56 1/2	56	Am. Can. Co.	2.50	15	1.5	56 1/2	56	56 1/2	+1/2
56	55 1/2	Am. Can. Co.	2.50	15	1.5	56	55 1/2	56	+1/2
55 1/2	55	Am. Can. Co.	2.50	15	1.5	55 1/2	55	55 1/2	+1/2
55	54 1/2	Am. Can. Co.	2.50	15	1.5	55	54 1/2	55	+1/2
54 1/2	54	Am. Can. Co.	2.50	15	1.5	54 1/2	54	54 1/2	+1/2
54	53 1/2	Am. Can. Co.	2.50	15	1.5	54	53 1/2	54	+1/2
53 1/2	53	Am. Can. Co.	2.50	15	1.5	53 1/2	53	53 1/2	+1/2
53	52 1/2	Am. Can. Co.	2.50	15	1.5	53	52 1/2	53	+1/2
52 1/2	52	Am. Can. Co.	2.50	15	1.5	52 1/2	52	52 1/2	+1/2
52	51 1/2	Am. Can. Co.	2.50	15	1.5	52	51 1/2	52	+1/2
51 1/2	51	Am. Can. Co.	2.50	15	1.5	51 1/2	51	51 1/2	+1/2
51	50 1/2	Am. Can. Co.	2.50	15	1.5	51	50 1/2	51	+1/2
50 1/2	50	Am. Can. Co.	2.50	15	1.5	50 1/2	50	50 1/2	+1/2
50	49 1/2	Am. Can. Co.	2.50	15	1.5	50	49 1/2	50	+1/2
49 1/2	49	Am. Can. Co.	2.50	15	1.5	49 1/2	49	49 1/2	+1/2
49	48 1/2	Am. Can. Co.	2.50	15	1.5	49	48 1/2	49	+1/2
48 1/2	48	Am. Can. Co.	2.50	15	1.5	48 1/2	48	48 1/2	+1/2
48	47 1/2	Am. Can. Co.	2.50	15	1.5	48	47 1/2	48	+1/2
47 1/2	47	Am. Can. Co.	2.50	15	1.5	47 1/2	47	47 1/2	+1/2
47	46 1/2	Am. Can. Co.	2.50	15	1.5	47	46 1/2	47	+1/2
46 1/2	46	Am. Can. Co.	2.50	15	1.5	46 1/2	46	46 1/2	+1/2
46	45 1/2	Am. Can. Co.	2.50	15	1.5	46	45 1/2	46	+1/2
45 1/2	45	Am. Can. Co.	2.50	15	1.5	45 1/2	45	45 1/2	+1/2
45	44 1/2	Am. Can. Co.	2.50	15	1.5	45	44 1/2	45	+1/2
44 1/2	44	Am. Can. Co.	2.50	15	1.5	44 1/2	44	44 1/2	+1/2
44	43 1/2	Am. Can. Co.	2.50	15	1.5	44	43 1/2	44	+1/2
43 1/2	43	Am. Can. Co.	2.50	15	1.5	43 1/2	43	43 1/2	+1/2
43	42 1/2	Am. Can. Co.	2.50	15	1.5	43	42 1/2	43	+1/2
42 1/2	42	Am. Can. Co.	2.50	15	1.5	42 1/2	42	42 1/2	+1/2
42	41 1/2	Am. Can. Co.	2.50	15	1.5	42	41 1/2	42	+1/2
41 1/2	41	Am. Can. Co.	2.50	15	1.5	41 1/2	41	41 1/2	+1/2
41	40 1/2	Am. Can. Co.	2.50	15	1.5	41	40 1/2	41	+1/2
40 1/2	40	Am. Can. Co.	2.50	15	1.5	40 1/2	40	40 1/2	+1/2
40	39 1/2	Am. Can. Co.	2.50	15	1.5	40	39 1/2	40	+1/2
39 1/2	39	Am. Can. Co.	2.50	15	1.5	39 1/2	39	39 1/2	+1/2
39	38 1/2	Am. Can. Co.	2.50	15	1.5	39	38 1/2	39	+1/2
38 1/2	38	Am. Can. Co.	2.50	15	1.5	38 1/2	38	38 1/2	+1/2
38	37 1/2	Am. Can. Co.	2.50	15	1.5	38	37 1/2	38	+1/2
37 1/2	37	Am. Can. Co.	2.50	15	1.5	37 1/2	37	37 1/2	+1/2
37	36 1/2	Am. Can. Co.	2.50	15	1.5	37	36 1/2	37	+1/2
36 1/2	36	Am. Can. Co.	2.50	15	1.5	36 1/2	36	36 1/2	+1/2
36	35 1/2	Am. Can. Co.	2.50	15	1.5	36	35 1/2	36	+1/2
35 1/2	35	Am. Can. Co.	2.50	15	1.5	35 1/2	35	35 1/2	+1/2
35	34 1/2	Am. Can. Co.	2.50	15	1.5	35	34 1/2	35	+1/2
34 1/2	34	Am. Can. Co.	2.50	15	1.5	34 1/2	34	34 1/2	+1/2
34	33 1/2	Am. Can. Co.	2.50	15	1.5	34	33 1/2	34	+1/2
33 1/2	33	Am. Can. Co.	2.50	15	1.5	33 1/2	33	33 1/2	+1/2
33	32 1/2	Am. Can. Co.	2.50	15	1.5	33	32 1/2	33	+1/2
32 1/2	32	Am. Can. Co.	2.50	15	1.5	32 1/2	32	32 1/2	+1/2
32	31 1/2	Am. Can. Co.	2.50	15	1.5	32	31 1/2	32	+1/2
31 1/2	31	Am. Can. Co.	2.50	15	1.5	31 1/2	31	31 1/2	+1/2
31	30 1/2	Am. Can. Co.	2.50	15	1.5	31	30 1/2	31	+1/2
30 1/2	30	Am. Can. Co.	2.50	15	1.5	30 1/2	30	30 1/2	+1/2
30	29 1/2	Am. Can. Co.	2.50	15	1.5	30	29 1/2	30	+1/2
29 1/2	29	Am. Can. Co.	2.50	15	1.5	29 1/2	29	29 1/2	+1/2
29	28 1/2	Am. Can. Co.	2.50	15	1.5	29	28 1/2	29	+1/2
28 1/2	28	Am. Can. Co.	2.50	15	1.5	28 1/2	28	28 1/2	+1/2
28	27 1/2	Am. Can. Co.	2.50	15	1.5	28	27 1/2	28	+1/2
27 1/2	27	Am. Can. Co.	2.50	15	1.5	27 1/2	27	27 1/2	+1/2
27	26 1/2	Am. Can. Co.	2.50	15	1.5	27	26 1/2	27	+1/2
26 1/2	26	Am. Can. Co.	2.50	15	1.5	26 1/2	26	26 1/2	+1/2
26	25 1/2	Am. Can. Co.	2.50	15	1.5	26	25 1/2	26	+1/2
25 1/2	25	Am. Can. Co.	2.50	15	1.5	25 1/2	25	25 1/2	+1/2
25	24 1/2	Am. Can. Co.	2.50	15	1.5	25	24 1/2	25	+1/2
24 1/2	24	Am. Can. Co.	2.50	15	1.5	24 1/2	24	24 1/2	+1/2
24	23 1/2	Am. Can. Co.	2.50	15	1.5	24	23 1/2	24	+1/2
23 1/2	23	Am. Can. Co.	2.50	15	1.5	23 1/2	23	23 1/2	+1/2
23	22 1/2	Am. Can. Co.	2.50	15	1.5	23	22 1/2	23	+1/2
22 1/2	22	Am. Can. Co.	2.50	15	1.5	22 1/2	22	22 1/2	+1/2
22	21 1/2	Am. Can. Co.	2.50	15	1.5	22	21 1/2	22	+1/2
21 1/2	21	Am. Can. Co.	2.50	15	1.5	21 1/2	21	21 1/2	+1/2
21	20 1/2	Am. Can. Co.	2.50	15	1.5	21	20 1/2	21	+1/2
20 1/2	20	Am. Can. Co.	2.50	15	1.5	20 1/2	20	20 1/2	+1/2
20	19 1/2	Am. Can. Co.	2.50	15	1.5	20	19 1/2	20	+1/2
19 1/2	19	Am. Can. Co.	2.50	15	1.5	19 1/2	19	19 1/2	+1/2
19	18 1/2	Am. Can. Co.	2.50	15	1.5	19	18 1/2	19	+1/2
18 1/2	18	Am. Can. Co.	2.50	15	1.5	18 1/2	18	18 1/2	+1/2
18	17 1/2	Am. Can. Co.	2.50	15	1.5	18	17 1/2	18	+1/2
17 1/2	17	Am. Can. Co.	2.50	15	1.5	17 1/2	17	17 1/2	+1/2
17	16 1/2	Am. Can. Co.	2.50	15	1.5	17	16 1/2	17	+1/2
16 1/2	16	Am. Can. Co.	2.50	15	1.5	16 1/2	16	16 1/2	+1/2
16	15 1/2	Am. Can. Co.	2.50	15	1.5	16	15 1/2	16	+1/2
15 1/2	15	Am. Can. Co.	2.50	15	1.5	15 1/2	15	15 1/2	+1/2
15	14 1/2	Am. Can. Co.	2.50	15	1.5	15	14 1/2	15	+1/2
14 1/2	14	Am. Can. Co.	2.50	15	1.5	14 1/2	14	14 1/2	+1/2
14	13 1/2	Am. Can. Co.	2.50	15	1.5	14	13 1/2	14	+1/2
13 1/2	13	Am. Can. Co.	2.50	15	1.5	13 1/2	13	13 1/2	+1/2
13	12 1/2	Am. Can. Co.	2.50	15	1.5	13	12 1/2	13	+1/2
12 1/2	12	Am. Can. Co.	2.50	15	1.5	12 1/2	12	12 1/2	+1/2
12	11 1/2	Am. Can. Co.	2.50	15	1.5	12	11 1/2	12	+1/2
11 1/2	11	Am. Can. Co.	2.50	15	1.5	11 1/2	11	11 1/2	+1/2
11	10 1/2	Am. Can. Co.	2.50	15	1.5	11	10 1/2	11	+1/2
10 1/2	10	Am. Can. Co.	2.50	15	1.5	10 1/2	10	10 1/2	+1/2
10	9 1/2	Am. Can. Co.	2.50	15	1.5	10	9 1/2	10	+1/2
9 1/2	9	Am. Can. Co.							

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# Herald Tribune

## SPORTS

FRIDAY, JULY 17, 1998

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### WORLD ROUNDUP

#### Zagallo Adds to Ronaldo Saga

**SOCCER** Mario Zagallo, coach of the Brazilian national soccer team, dismissed criticism of his decision to allow Ronaldo to play despite convulsions the team's star forward suffered hours before the World Cup final, a Brazilian newspaper reported Thursday. The owner of Ronaldo's Italian club, Massimo Moratti, criticized Zagallo, saying "the Brazilian federation behaved in an absurd manner."

O Estado de Sao Paulo quoted Zagallo as saying that Moratti also had put undue pressure on Ronaldo.

Dismissing speculation that Ronaldo might suffer from epilepsy, Brazil's team doctor, Lidio Toledo, said Thursday that Ronaldo's seizures Sunday were "due to stress."

Ronaldo was shown on TV Globo News walking past reporters outside his mother's house Thursday without comment. He has repeatedly refused to speak to reporters who have pursued him relentlessly since his return from France earlier this week.

• The coach of the Netherlands' World Cup team, Guus Hiddink, has signed a two-year contract to manage Real Madrid, the European Cup champion, the club announced Thursday.

• Gerard Houllier, the former coach of the French national team, was appointed joint manager at Liverpool on Thursday. Houllier, 50, signed a two-year contract to work alongside the team's current manager, Roy Evans. (AP)

#### A World Cup Series for Baseball?

**BASEBALL** The head of the Players Union, Donald Fehr, and baseball owners have entered into discussions about international play, including the Olympics and a World Cup-style tournament.

"There's a feeling that there's a lot of work to do and there's an opportunity out there," Fehr said after a meeting Wednesday. "We have to come up with an operating plan."

Paul Beeson, the chief operating officer of Major League Baseball, said that the talks included the November All-Star tour of Japan; the potential of playing games outside of the United States and Canada; the qualifying rounds for the 2000 Olympics; and an international tournament based on soccer's World Cup. (AP)



Tiger Woods, left, and Nick Price playing in the British Open.

## Woods Enjoys an Iron Swing

By Leonard Shapiro  
Special to the Herald Tribune

**SOUTHPORT, England** — Tiger Woods had just saved a precious par on the first hole by making a dicey eight-foot putt — this, after bashing a 3-wood off the tee into the straggling rough. After seeing his dreadful lie from the tee shot, he grimaced, and thought "realistically, I'm facing bogey right in the eye."

Instead, Woods pulled out a 9-iron, and with a mighty swing that sent grass flying every which way, he floated the ball over a bunker guarding the green 108 yards away and watched it stop about 25 feet from the pin. He two-putted for a breathtaking par and said afterward "I felt really good about my game."

More than three hours later, Woods would walk off the course still feeling fabulously about his play Thursday, despite a sloppy bogey at the 18th. His six-footer for par lapped out, preventing him from owning the outright lead after the first round of the 127th British Open. But clearly he and many others had few complaints about mostly benign Royal Birkdale.

Instead, after a day of early breezes and cloudy skies had given way to almost dead calm, balmy conditions in the afternoon, Woods had posted a 5-under round of 65 that left him tied for the 18-hole lead with a fellow American, John Huston, with four birdies and an eagle on the back nine.

Nick Price, Fred Couples and Loren Roberts were one shot behind Woods and Huston at 66. Meanwhile, the defending champion

Justin Leonard shot a 3-over par 73.

Another American, Brad Faxon, also was a tad giddy finishing two off the lead with a 67 in a group that included a fellow Ryder Cup member, Davis Love 3d, Vijay Singh of Fiji and Fredrik Jacobson of Sweden. Faxon had only 23 putts for the day — "my best putting round of the year," he said, after repairing a putter this week that had been beat in three places.

Woods, the world's No. 1 ranked player, has not led after a single round in a major championship

#### BRITISH OPEN

since he walked off the 18th green at Augusta National a year ago last April with a 12-shot victory. Ironically, Huston held the first-round lead at that memorable Masters before fading with a 77 in the second round and an eventual tie for 21st.

Huston, who has four career PGA Tour victories, had an eagle-birdie finish after an early morning start. He made a 40-footer at the 347-yard 17th to get to four-under, and finished off his round with a 7-iron shot that landed four feet from the 18th hole on one final par.

Woods prepared for his fourth British Open by taking a trip to Ireland last week with his friend and Orlando neighbor Mark O'Meara. They played golf, joined occasionally by Payne Stewart, and went fishing almost every day. And Woods also kept the putter he had borrowed the week before from O'Meara, one Woods had used to shoot a 62 in his last round back home before leaving for Europe.

O'Meara, who shot 63 that day, may never get that putter back after Woods' used it to make four front-side birdies and seven overall. Just as significantly, Woods only used his driver on four holes, taking a thinking man's route around the dunes and all the other disasters lurking on this unforgiving seaside course.

His most spectacular birdie of the day came at the 411-yard 9th, a slight dog-leg to the right with a 4½-swing dog-leg to the right with a 4½-swing corner guarded by an imposing bunker. On the tee, Woods asked several photographers to move out of his sight line as he aimed dead right over the bunker.

It was a 380-yard drive, followed by a lovely sand wedge to three feet and a birdie putt that pushed him to 4-under for the round.

In the end, though, he said his round essentially got jump-started with that magnificent shot out of the rough at the second hole.

"Man, the lie was horrible," Woods said. "I thought there was no way I could have come out the way it did. It flew to the middle of the green. I went at it with a 9-iron just about as hard as I possibly could. If I turned it over I could smother it and it might go 4 feet." And now, with the weather report calling for a return to stronger wind and far tougher conditions, Woods likes his position.

"Shooting a low round today really does make you more comfortable going into tomorrow if you've got bad conditions," he said. "It would be 10 times more difficult if I shot a bad round today then had to go out tomorrow and try to shoot a great round to get myself back into it under some terrible conditions."

## On a Bad Day, Westwood Keeps His, and Britain's, Hopes High

By Christopher Clarey  
International Herald Tribune

**SOUTHPORT, England** — Lee Westwood, the young Englishman who has impressed so many of his golfing elders with his composure, watched his long approach shot land in the rough near the 17th green on Thursday and angrily drove the blade of his 4-iron deep into the fairway.

It has been six years since a Briton won the British Open: six years since Nick Faldo's eternal tinkering left him holding the trophy, a claret jug, at Muirfield.

Faldo has faltered in recent years. Colin Montgomerie's professional game seems better suited to centrally planned courses instead of undulating, windswept links.

This year it is a younger man's turn to generate hope and low odds at

horse in July. Westwood is 25: a little wide around the waist but far ahead of the curve with seven tournament victories in the last nine months.

After one round in remarkably clement conditions at Royal Birkdale, however, Westwood is already six shots off the lead. His 71 was no collapse, but it was not nearly enough to put him deep in the red with an even younger man: Tiger Woods.

Westwood got the better of Woods at the Ryder Cup last September, teaming with Faldo to defeat Woods and his partner, Mark O'Meara, in a four-ball match that helped Europe to its surprise victory in Valderrama, Spain. Westwood also finished 11 places ahead of Woods at the most recent major championship: the U.S. Open.

But at the tournament that matters

most to Europeans, Woods and the Americans had the far superior opening day, and with the weather expected to take a turn for the English, Westwood may soon have reason to regret the more medium-length putts he failed to hole.

"I think the crowd was more frustrated than I was when the putts missed, but they just want me to do well," Westwood said.

Unlike Woods, Westwood has not stopped reading golf articles about himself. Nor has he had to bother with bodyguards, death threats, screaming teenage groups or eight-figure long-term endorsement deals, although England's potential star does drive a Porsche.

Like Woods, on the other hand, Westwood must put up with distractions. On the first green, as Westwood prepared to try to save

par, a television spotter said in what amounted to a stage whisper, "Westwood to putt!" Westwood backed away, and an English voice in the crowd shouted, "Come on, give him a break."

Westwood would bogey, and there would be another break in his rhythm when he prepared to putt at the 13th and a fan's cellular phone began to play Beethoven's "Ode to Joy." If Westwood had been Montgomerie, the offending fan might soon have been humming a very different tune, but the generally unfappable Englishman simply smiled, shook his head and stepped away.

"If you need a telephone on the course, you are too busy and you should be in the office," Westwood said later.

Golf, like another richly rewarded game, finance, is all about risk

management, and Westwood has managed it well recently. But on the par-5 15th hole, his fairway driver from 260 yards away sliced right into a large gorse bush. He would end up with another bogey and drop to 3 above par.

By this time, the young English fans waving the "Lee Westwood #1" jugs — banners were well numbered by those who had scanned the list of tee times and discovered that Woods was only two groups behind. But even with fewer witnesses, Westwood still managed to prove his worth, finally getting a birdie at 16 and then coming up with another one with a 35-foot putt on 17 after his poor approach.

It was hardly his best day of 1998, but it was not yet enough to ruin his week, or for that matter, Britain's.

### SCOREBOARD

#### BASEBALL

##### MAJOR LEAGUE STANDINGS

###### AMERICAN LEAGUE

###### EAST DIVISION

Team	W	L	Pct.	GB
New York	47	21	.688	—
Boston	44	28	.611	7 1/2
Toronto	47	49	.490	24
Baltimore	45	50	.474	25 1/2
Tampa Bay	35	58	.376	34 1/2

###### CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	53	29	.646	—
Kansas City	42	41	.512	11 1/2
Minnesota	41	53	.436	13
Chicago	41	53	.436	13
Detroit	38	57	.400	16 1/2

###### WEST DIVISION

Team	W	L	Pct.	GB
Anaheim	52	41	.559	—
Texas	51	42	.544	1 1/2
Oakland	44	49	.473	8
Seattle	42	53	.442	11

###### NATIONAL LEAGUE

###### EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	49	22	.688	—
New York	47	24	.661	1 1/2
Philadelphia	47	24	.661	1 1/2
Montreal	38	53	.419	12 1/2
Florida	36	55	.396	14 1/2

###### CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	55	29	.659	—
Chicago	51	33	.607	4
Cincinnati	45	39	.537	10
St. Louis	42	50	.457	13 1/2
Pittsburgh	42	50	.457	13 1/2

###### WEST DIVISION

Team	W	L	Pct.	GB
San Diego	53	24	.688	—
San Francisco	53	24	.688	—
Los Angeles	47	30	.610	12 1/2
Colorado	41	36	.529	18
Arizona	32	45	.416	28 1/2

###### WEDNESDAY LINESCORES

###### AMERICAN LEAGUE

Team	Score	Opponent
Toronto	9-0	Los Angeles
Chicago	3-1	Minnesota
Houston	5-0	Philadelphia
Los Angeles	5-0	San Francisco
San Diego	4-1	San Francisco
San Francisco	4-1	San Francisco
San Francisco	4-1	San Francisco

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Toronto	9-0	Los Angeles
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#### CRICKET

##### INDIAN vs. SOUTH AFRICA

THIRD DAY MATCH, FINAL DAY  
THURSDAY IN CHETENHURST, ENGLAND  
South Africa: 363-3 dec and 210-4 dec.  
India: 284 and 107-4.  
Match ended in a draw.

##### INDIA vs. SRI LANKA

THURSDAY MATCH, FINAL DAY  
THURSDAY IN CHETENHURST, ENGLAND  
Sri Lanka: 346-4 declared and 177-7  
India: 130 and 453-4 declared.  
Match ended in a draw.

#### SOCCER

##### WASHINGTON D.C. 1, New England 0

Los Angeles 2, Tampa Bay 1

##### ATLANTA BRUINS 2, New York Rangers 1

San Jose 2, Dallas Stars 1

##### ST. LOUIS 3, Dallas Stars 1

San Jose 2, Dallas Stars 1

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San Jose 2, Dallas Stars 1

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## Cipollini, Avoiding Crashes, Makes Regal Finish

Old-timers say Dussault took the symbol of leadership by winning a

Hincapie trails O'Grady by seven seconds with Bo Hamburger, a Dane with Casino, in third place, 11 seconds behind.

Kirsipuu and Silvio Martinello, an Italian with Polti, both crashed. Hincapié stayed upright and finished a strong seventh, gaining no bonus time.



**Mario Cipollini celebrating victory in the Tour's fifth stage Thursday**

**Padres 6, Rockies 2** Kevin Brown (11-3) won his eighth straight decision and tied a career high by striking out 10 Colorado batters in Denver. Steve Finley hit a three-run homer and Greg Vaughn and



**The Giants' Orel Hershiser pitching to Raul Mondesi of the Dodgers. San Francisco won, 5-3.**

**Expos 9, Marlins 5** In Miami, Rondell White went 4 for 4 and Carlos Perez (7-9) won for the first time in eight starts.

**Mariners 4, Twins 1** Edgar Martinez and Dan Wilson homered in the sixth inning off LaTroy Hawkins (6-8), and Jamie Moyer (6-7) pitched four-hit ball for eight innings to lead host Seattle.

In Chicago, Albert Belle hit a two-run homer in both games, giving the White Sox slugger nine in his last eight games. He has 27 homers this year and 299 in his career. In the second game, Mike Caruso hit a two-run

**King homered for Kansas City.**  
**Angels 4, Devil Rays 2** Cecil Fielder homered for the first time in nearly three weeks to lead host Anaheim. Shigetoshi Hasegawa (4-1) earned the victory.

"Football fans are a sandwich-and-pizza crowd," said Roland Frinoli, owner of Peron, Marseille's oldest restaurant.

"The World Cup crowd is terrible," he said. "They make a mess, lots of noise, scare away normal customers and spend little. Except for a few guys, I don't think anyone made money."

Four British soccer fans were found guilty Thursday of committing violence during the World Cup soccer game between England and Tunisia on June 15. They were sentenced to jail terms ranging from 40 days to two months. Reuters reported from Marseille. A court source identified the men as Steven Powl, 25; Alan Libbiard, 28; Shane Radford, 22, and Martin Kerr, 39.

**ELMONT?**

**THAT'S MY NAME— DON'T ASK IT OUT!**

**SO?**

**WHAT AM I SUPPOSED TO DO ABOUT IT? DO I LOOK LIKE SOME STUNNER HERE AM I SUPPOSED TO GET INVOLVED?**

**FROM YOUR COAT POCKET? LUCKY GUESS!**

*JEFF BROWN*

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GSTAAD**  
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هذه ايام الامل



## POSTCARD

## Ataturk Film Assailed

By Stephen Kinzer  
New York Times Service

**NEW YORK** — Debate over the political legacy of Mustafa Kemal Ataturk, the founder of modern Turkey, has upset plans for a film about him that was to have starred Antonio Banderas.

After an intense letter-writing campaign led by Greek-Americans, Banderas withdrew from the project. His agent, Lisa Baum, said he wanted to devote his full energy to another project, "The Phantom of the Opera." Producers of the Ataturk film, however, say Banderas was reacting to pressure from Greek-Americans and others who consider Ataturk unworthy of favorable portrayal.

The figure behind the film is Tarquin Olivier, 61, a son of Laurence Olivier. Olivier, a financier, hopes to begin a new phase of his career by producing the film, which he said would cost \$25 million exclusive of Banderas's salary.

Eager to keep Banderas in the film because much of the financing is contingent on his participation, Olivier plans to fly to Hollywood this week to meet with him.

"He has been very enthusiastic, but obviously he was very put off by these letters," Olivier said in an interview in New York. "Our contacts with people in the Greek community here tell us that this campaign only involves a small number of people. It's motivated by a feeling of hatred not only toward Ataturk but toward Turkey in general. I'm very much hoping that we can make him see this, and that we don't get into a situation which undermines freedom of speech and freedom of the arts."

Notices of Banderas's intention to play Ataturk began appearing in Greek-American publications several weeks ago. One of them published a letter signed by "a member of the Greek community of N.Y.," describing Ataturk as a "savage maniac" who was also "a child molester of both sexes, a mass murderer, a destroyer of Greek civilization and in general a disgrace to human civilization as we know it."

The announcements were accompanied by appeals to readers to send protest letters to Banderas and his wife, the actress Melanie Griffith. Olivier estimated that they might have received as many as 1,000 letters.

The campaign has not been universally welcomed by Greek-Americans. An editorial in this week's edition of *The Greek American*, a weekly newspaper published on New York's Long Island, said it had caused many Greeks "to cringe in embarrassment."

"All-out demonization is not serious," the editorial

said. "The end result is to make us look like ethnic hysterics, with these groups' objections usually showing up our own chauvinism and narrow-mindedness more than anything else."

Efforts to make a film about Ataturk, an early 20th century military leader who won glory in battle and went on to forge a modern nation on the ruins of the Ottoman Empire, have a long history. Douglas Fairbanks Jr. and Omar Sharif were among actors involved in such efforts at various times.

This time, however, the project is apparently falling victim to contemporary politics. Some Greek-Americans and Armenian-Americans fear that the film will be reverential, portraying Ataturk as a hero and ignoring what

### Antonio Banderas quit the project, reportedly after pressure from Greek-Americans.

they consider his evil deeds. They fear that such a portrayal might lead to a warming of popular feeling toward Turkey, a historical rival of both Greece and Armenia.

Ataturk was responsible for pushing Greek forces from Anatolia after World War I, but then he pursued a peaceful policy toward Greece. His friendship with the Greek prime minister of the time, Eleftherios Venizelos, became so strong that Venizelos nominated him for the Nobel Peace Prize in 1934, praising him as "a great reformer" who made "a precious contribution to the cause of peace."

The script for the planned Ataturk film is by an American writer, Timothy Prager, and is based on a 1964 biography by Lord Kinross that is generally considered less than definitive but the best available. Bruce Beresford, whose films have included "Breaker Morant" and "Driving Miss Daisy," has agreed to direct.

Turkish government officials were wary of the idea for many years, fearing that any portrayal showing Ataturk as having human failings might undermine the veritable cult that has grown up around his memory. But Olivier and his Turkish-born wife, Zelfa, said they had won pledges of cooperation from President Suleyman Demirel and Prime Minister Mesut Yilmaz. They said they had not shown the script to either one or to any other Turkish official.

As far as is known, the letter campaign was generated entirely within the United States. There is no indication of any involvement by government or private figures in either Greece or Armenia.

# Creating a Hero: Malaysia's Unlikely Icon

By Thomas Fuller  
International Herald Tribune

**KUALA LUMPUR** — To the outside world, Southeast Asia's best-known creations are microchips and television sets, the products of factories and cramped shop-houses. But some of the region's most successful manufactures are less tangible: national heroes, slowly built up in the consciousness of nations formed just 40 years ago — glue to hold these young, multiracial nations together.

One such hero is P. Ramlee, a 1950s-era Malay singer and film star whose popularity has slowly filtered into Malaysia's Chinese and Indian communities by virtue of endless television reruns of his films and considerable cultivation of his image by the government.

Twenty-five years after his death, Malaysia is commemorating his work with festivals, exhibitions and more reruns. Ramlee's legacy remains strong partly because he was seen, posthumously, as a good candidate for a national hero in a country where, after centuries of colonialism, Malay heroes are in short supply. "Not only the public loves P. Ramlee," Nasir, the late actor's only son, said with a wry smile. "The government loves him, too."

But Ramlee is also an awkward hero, a man whose free-wheeling lifestyle — he drank hard and enjoyed the company of women — clashes with the values of modern-day Muslim Malay society.

In his day, Ramlee was a James Dean figure, wildly popular among Malays. "He was particularly exciting to the youth," said Khoo Kay Kim, a professor of Malaysian history at the University of Malaya. "People used to comb their hair like him, used to walk like him. They used to try to think like him."

But it was not his looks that propelled him to fame in the early 1950s. "When I met him he was an ugly-looking fellow, with lots of pockmarks," said L. Krishnan, who helped launch Ramlee's career in Singapore and who today runs a film production company in Kuala Lumpur.

Ramlee made up for his looks with a baritone, velvet voice that is still often heard on Malaysian radio. "He was lending his voice to other people who were better-looking or more talented," said Krishnan, who went on to direct Ramlee's first four movies, "Bakti," "Takdir," "Penghidupan" and "Antara Senyum Dan Tangis."

On the surface, P. Ramlee — who abbreviated, South Indian-style, his full name, Ramlee bin Nyak Puteh — was a perfect Malay hero. He was born poor on the island of Penang and grew up in a neighborhood of Indian night-soil carriers. A modest childhood soon gave way to the relative affluence of Singapore, the center of Malay film and a very different place in the late 1940s. "It was a cosmopolitan society par excellence," Khoo said.

Like Penang, Singapore was on the fringes of Malay society, heavily influenced by the British and removed from the formalities and traditions of the Malay court. Ramlee spent his free time at cabarets, gambled and even owned a racehorse.



The cult hero P. Ramlee with his third wife, Saloma.

Ramlee's career followed what might be called the Elvis curve. As musical tastes shifted from the slow ballads of the 1950s, Ramlee's specialty, to the fast and hard days of rock 'n' roll, he failed to keep up. He gained weight, and lost his following. By the time of his death in 1973 he was all but forgotten. His films had flopped, and younger, more adaptable stars had taken his place in the industry. Ramlee died of a heart attack at the young age of 44, almost as poor as he was at birth.

But he would not remain forgotten for long. Thanks to the efforts of a handful of well-placed and nostalgic bureaucrats in Kuala Lumpur, P. Ramlee's songs were back on the airwaves; streets and a concert hall were named after him and he was

awarded posthumously the title of Tan Sri, the country's top honor and roughly equivalent to knighthood in Britain.

Ramlee's popularity grew within the Chinese and Indian communities and among the youth. Aziz Satar, a close friend of Ramlee's and his on-camera sidekick, remembers attending a soccer game several years ago and being approached by a 9-year-old boy who recognized him. "Where is P. Ramlee?" the boy asked. Ramlee, of course, had been dead for two decades. (Aziz fibbed, telling the boy that Ramlee was "at home.")

Meanwhile, Malay society evolved away from the life-style and values of Ramlee's heyday. Laws banning Malays from drinking and gambling were enforced; cabarets were shut down. Malay women, who in Ramlee's day — and indeed, in his movies — wore figure-hugging dresses, began in increasing numbers to don head scarves and loose-fitting *baju kurung*. Unmarried Malay couples who got too close in public places risked being picked up and fined by the Islamic police.

"Malay society has become more conformist," Khoo said.

What is perhaps most ironic about Malaysia's premier cultural icon is that the artistic freedom Ramlee had in making his films seems to have died with him.

Malaysian filmmakers in the 1990s complain of the frequent intrusion of the censorship board. Drinking scenes are banned, and foreign films shown in Malaysia are edited for nudity and profanity.

Filmmakers are not allowed to portray a corrupt policeman or minister. Rosnani Jamil, a well-known film director, told a newspaper columnist in 1994. "This doesn't speak well for the industry. We must accept the fact that there is no such thing as a perfect community. In every community, sad to say, there are always a few black sheep. Filmmakers must be given the chance to portray the truth."

Artists these days complain of more than just the censorship board in Malaysia. Performers who touch on sensitive issues — sometimes unwittingly — can find themselves in a battle with conservative Islamic forces.

Take the popular Malaysian pop band KRU. Last year the band members remixed a P. Ramlee song, Getaran Jiwa, overlaying their own voices onto it. The song became controversial after an Islamic leader said it was forbidden for a dead man to "sing" in tandem with living musicians. Radio stations were allowed to play the song, but only after the song was cleared by the cabinet, the country's highest executive body.

To avoid a ban in several Malaysian states, KRU changed the name of its concert tour from "KRUMANIA" to the "KRU mega tour." (Mania was judged a dangerous word for KRU's young followers.)

Public controversies like this leave devoted P. Ramlee fans frustrated.

"Artists must be allowed to express themselves," said Khoo, an avid fan of Ramlee's in the 1950s. "If there are too many dos and don'ts imposed on them, then obviously they cannot flourish. And in a society that cannot tolerate deviance you're not going to have extraordinary people."

## PEOPLE

A SOUTH AFRICAN newspaper reported that President Nelson Mandela would wed his sweetheart, Graca Machel, on his 80th birthday on Saturday, but a presidential spokeswoman said she was unaware of any nuptials. "Mandela's Wedding Bells," *The Star* newspaper said in a banner headline Thursday, using the clan name by which Mandela is affectionately known. The report quoted unnamed sources as saying the Johannesburg chief magistrate, Charitus Bashe, would formalize the relationship between Mandela and Mozambique's former first lady, the widow of the founding president, Samora Machel. The South African president has publicly declared his willingness to tie the knot but Machel, 52, said this year that she had no plans to become Mandela's third wife even if they were setting a bad example for the young. Archbishop Desmond Tutu has urged the couple, who spend two weeks together each month, to wed, saying it was the moral thing to do.

A short film made by Linda Mc-

Cartney just before she died of breast cancer is to be given its world premiere at the Edinburgh Film Festival next month. "Wide Prairie" is an animated film based on a song she wrote and recorded. The Argentine artist Oscar Grillo planned and directed the film with McCartney. "It was so evocative," Grillo said. "Beautiful images." Linda McCartney, wife of Sir Paul McCartney, died in April at age 56.

The Polish actor and director Jerzy Stuhl will make a movie from a previously unknown screenplay by the filmmaker Krzysztof Kieslowski, who died in 1996. "A Big Animal" tells the story of a nonconformist 50-year-old living in a small Polish town in the 1970s. Stuhl will also star in the film.

Gianni Versace's memory lives on in Miami Beach, where he was honored a year after his death at the hands of a suspected spree killer. A single coconut palm was planted Wednesday in a park

across from the Italian fashion designer's mansion, where he was shot July 15, 1997. "We just wanted to say in a loving, and on a living level, how much we miss him," said Bob Kunst, a community activist.

The whole of the works of Johann Sebastian Bach are to be made available on 160 compact disks for the first time before the 250th anniversary of the composer's death on July 28, 2000. The conductor Helmuth Rilling is in charge of the project, which will be produced by the Haenssler Classic company.

To ensure that the sultry dance enjoys a high profile, the Argentine ambassador to the United States, Diego Guelar, is founding the U.S. Tango Academy — to be headed by the actor and tango fanatic Robert Duvall. Duvall's third wife, Sharon, was a tango instructor. His current companion, Luciana Pedrazza, who is Argentine, took up the dance 18 months ago, but Duvall says she's a natural.



UPSTAGED — Eartha Kitt (Wicked Witch of the West) and her "Wizard of Oz" stage co-star Plenty (Toto) entertaining AIDS patients in San Francisco.

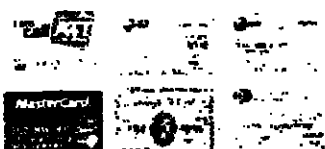


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